The Washington Monthly
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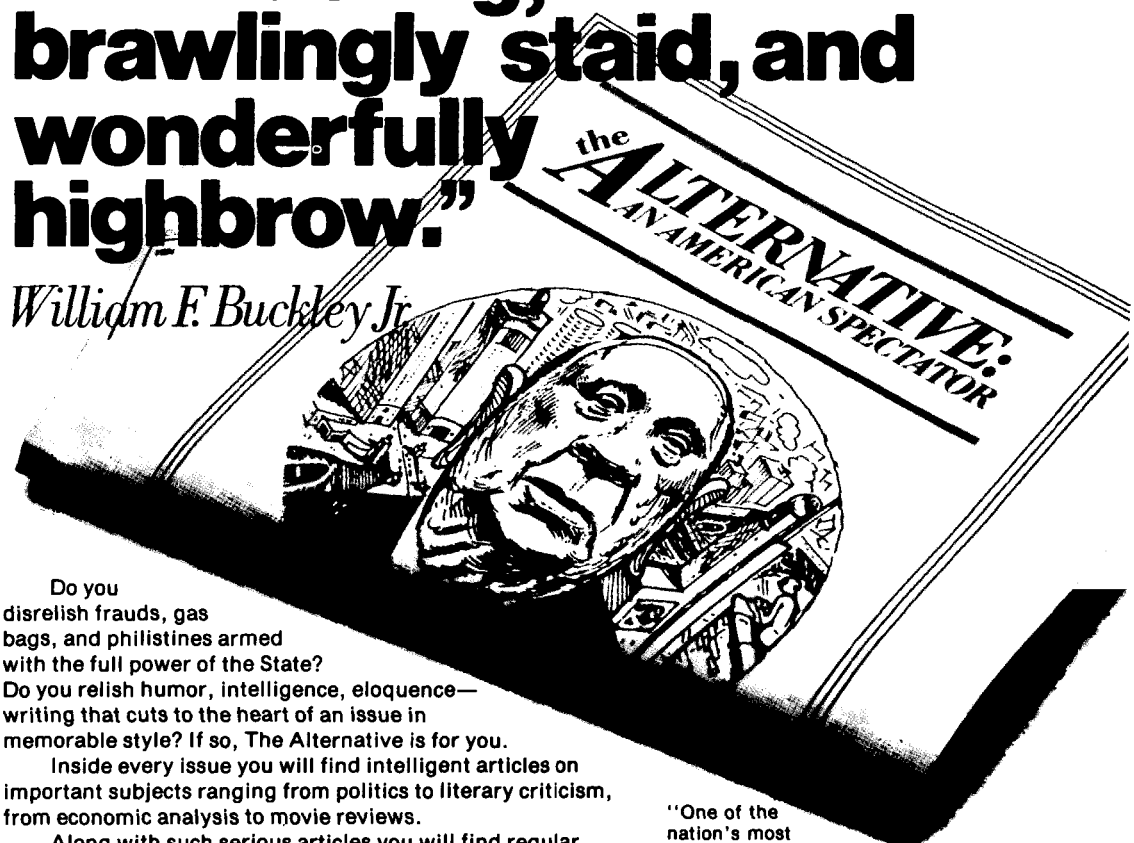

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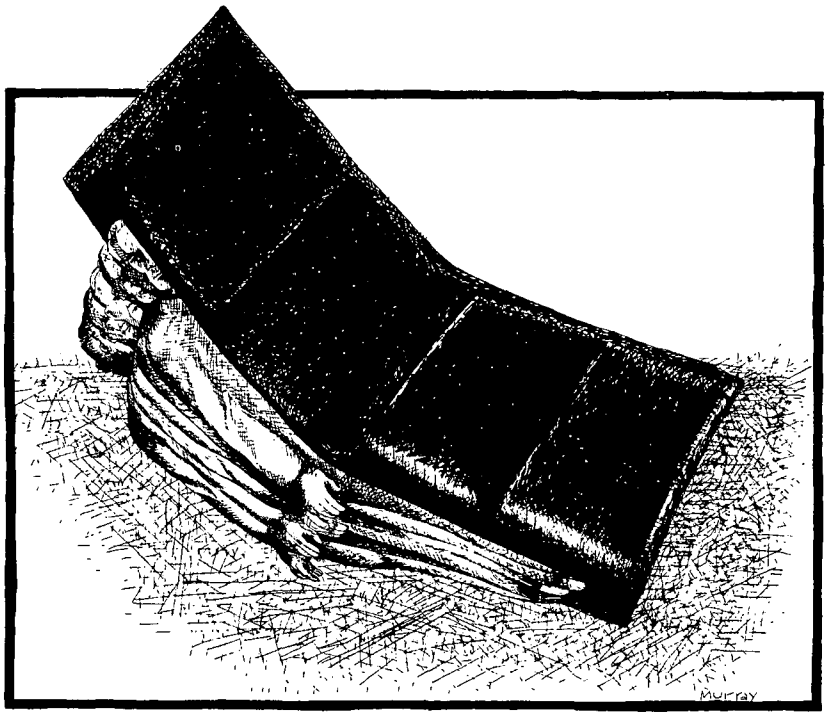

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Jerry Wurf, President
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Letters

I write to protest the suggestion in Mr. Jenkins' January article, "the Revolving Door Between Government and the Law Firms," that Nicholas Katzenbach may be acting unethically in directing IBM's defense against the Government's antitrust suit. After quoting an extract from a Department of Justice memorandum confirming that while Attorney General from 1964 to 1967, Mr. Katzenbach had had no "direct decision-making involvement" in the case, the article suggests that without "direct decision-making" Mr. Katzenbach still "could have" participated in the deliberations that led to the eventual filing of the case in 1969, two years after Mr. Katzenbach left the Department.

I am enclosing copies of the full text of the January 22, 1969 Department of Justice memorandum quoted from in Mr. Jenkins' article in the January issue (together with a copy of Edwin Zimmerman's letter of transmittal forwarding the memorandum to Mr. Katzenbach) and an extract from the memorandum prepared by the Center for Law and Social Policy, on which Mr. Jenkins apparently based his article, as well as the *New York Times* clipping on which Leonard Meeker, the author of the Center's study, based his memorandum.

Mr. Meeker has informed us that he has never seen the full text of the January 22, 1969 memorandum and the Zimmerman letter, and we presume that Mr. Jenkins never has either, although both are a matter of public record.

I think you will agree after reading the full text of the January 1969 memorandum that the quoted phrase was one of several used in the memorandum and that the memorandum, taken as a whole, confirms that according to the Department's files and the recollections of the Department lawyers most directly involved, Mr. Katzenbach had no connection of any kind with the Department's investigation of the computer industry or IBM. Accordingly, the questions raised in the article about whether Mr. Katzenbach might have had such knowledge or participation unjustifiably create the inference and innuendo that this may well have been the case. I also believe that the phrase "comfort letter" in the article is inappropriate and that there is no basis for attributing either that phrase or the idea that the letter was "unusual" to the Center's study. The text of the study contains no such statements, and Mr. Meeker confirms to me that he intended no such meaning.

Under the circumstances, I believe that in fairness, particularly since no effort was made to check with Mr. Katzenbach, *The Washington Monthly* should publish a retraction quoting the other pertinent portions of the January 1969 memorandum and withdrawing the inference and innuendo raised by the article.

LLOYD N. CUTLER
Washington D.C.

John Jenkins replies:

At issue here is whether my article accurately summarizes those portions of the report of the Center for Law and Social Policy that pertain to Mr. Katzenbach. I believe that it does. In its report, the Center stated: "Without having 'any direct decision-making involvement' at Justice in regard to the IBM antitrust investigation, Katzenbach could have been advised of it and could have acquiesced in it, could have discussed or rendered advice on the case, or could have been otherwise involved with it short of 'direct decision-making.' " The passage to which Mr. Cutler apparently objects merely summarized that statement. In fact, prior to editing by the *Monthly*, my article actually quoted the Center's statement verbatim, and attributed it to the Center. It was condensed by the *Monthly's* editors into the passage that ultimately was published.

In summarizing pertinent portions of the Center's report, I intended only to demonstrate, as the Center had done, the questions that can arise when a federal lawyer leaves the government and enters the practice of law in the private sector. My article should not be construed as raising, either explicitly or implicitly, any question as to Mr. Katzenbach's professional integrity.

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Tilting at Windmills

The decision-making group on the recent $11,400 pay raise for the nine top White House assistants was, we hear, the nine top White House assistants. Midge Costanza, who declared she simply couldn't live on the $44,600 she and the other eight had been getting, led the charge up the fiscal heights. To sell the raise to Carter, who is said to have resisted it, the group agreed to take $1,500 less than the maximum to which they could have been raised. This sacrifice will doubtless be a source of continuing inspiration to the junior White House assistants whose raises were held to $6,000 below the maximum by the same decision makers.

The irony of these White House raises is that many on the staff were already making twice as much as they had ever made before, and all of them would have crawled on their hands and knees from Plains to Washington to get a White House job. In other words, the usual justification for increasing government salaries—that high salaries are needed to attract and keep high-quality personnel—was totally inoperative in this case.

* * *

We were reminded the other day of one of our great national scandals by this Q. and A. in Eliot Janeway's column of financial advice:

"Q: Why do you consider 'E' bonds a bad investment?

—G. W., San Francisco, Calif.

"A: Because the returns they pay just aren't competitive with the market rates the Treasury is paying on the securities it offers to sophisticated investors."

It is simply unbearable that the United States government, through patriotic-pitched advertising, has continued to con the average man into this inferior investment for over 35 years while offering the rich and sophisticated much better deals. What it says about our country—that under Roosevelt, Truman, Eisenhower, Kennedy, Johnson, Nixon, Ford, and Carter, the average man has been victimized—is not heartening.

* * *

We've done an analysis of Jimmy Carter's published appointments schedules from January 25 through March 31. The name of Zbigniew Brzezinski appears 57 times. No one else comes close. Walter Mondale at 18 and Bert Lance at 14 are the runners-up. Since names like Powell and Jordan do not appear at all, the schedule is obviously far from complete. Still, it represents the current White House's idea of what a "presidential" schedule should look like and is thus disturbing evidence that we've got another White House gang that finds foreign affairs more glamorous and worthy of attention than domestic issues.

* * *

Conservative solutions to violent crime range from protecting the family with a gun of one's own to deterring the criminal with the threat of capital punishment. Liberal solutions tend toward eradicating the social roots of crime and rehabilitating

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the criminal.

The problem is that the gun the conservative keeps in his house kills a lot more wives and children and lovers than it does criminals. And the evidence that capital punishment actually deters is slight indeed. As for the liberals, they are right in wanting to eradicate the social roots of crime and to rehabilitate the criminal but wrong in thinking we know how to do either in the near future. It seems to us that we should look at what will protect society now.

To protect society from violent crime, we need to identify the people who commit violent crimes. Fortunately, this is relatively easy. Most are in their teens and twenties and most of them are repeaters.

The simple solution to violent crime is to give those convicted mandatory 20-year sentences. This would keep them out of circulation during their dangerous years. It would avoid the pointless vindictiveness of keeping them in jail in their forties and fifties, during which years, all the available evidence suggests, they are a threat to no one.

There is one catch. To put the violent criminal in jail, you have to arrest and convict him. This means we need competent police who do not waste their time on victimless crime, and a system of justice that understands the problems even the most decent and intelligent policemen encounter in trying to nail a murderer or robber or rapist. Because when a jury acquits a criminal defendant the prosecution cannot appeal, and because rich criminal defendants have the benefit of lawyers like Edward Bennett Williams, who are paid enough to appeal and appeal, and because appellate judges usually have liberal young clerks whose sympathies go to the defendant, the criminal law has tended to develop in a way that gives the criminal far more protection than it affords his victims or society as a whole.

Even a relatively conservative court like the present Supreme Court can be conned by pro-criminal, anti-victim reasoning. There is no better example than the Court's recent decision in *Brewer v. Williams*, in which the murderer of a ten-year-old child, having been read five times the *Miranda* warning, voluntarily confessed his crime in circumstances that did not convey the slightest hint of physical coercion or of the threat of physical coercion. The murderer had his conviction overturned because he had been psychologically manipulated by a detective, although the detective had even managed to adhere literally to an agreement he had made with the defendant's lawyer under which the detective was not to question Williams.

What this case reveals is that a majority of the Court—it was a 5 to 4 decision—does not understand that they should have given the detective a medal. He was smart enough to get the confession without beating the defendant half to death, without even threatening him—which is what the Fifth Amendment is supposed to protect defendants against. At last we have a cop who uses his intelligence instead of his fists—he actually got the confession without asking a direct question—and the Court says, 'No, you can't do it that way either.' Well, what way can you do it?

* * *

The word is out that President Carter has promised the government employees' unions that he will support a 6.5 percent pay increase for civil servants in October. To use one of the President's favorite words, this is a disgrace. Washington is already the richest metropolitan area in the country because of all the increases of the last 15 years. When are the taxpayers going to wake up to what the civil service is doing to them?

* * *

How often do you see a $100 bill? Of the $80 billion in paper currency now in circulation $21 billion is in $100 bills. If you don't see them, who does? Crooks. Bribers who can secretly slip judges envelopes of cash.

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Tax evaders whose coffee cans can hide a lot more in big bills than in little ones. Last year James Henry suggested in these pages that the Treasury call in all bills over $50 and exchange them for smaller denominations. The IRS would receive a statement of each exchange. Those who chose not to participate would find themselves with worthless currency on their hands. This prospect is so delightful and so simple to put into effect that one wonders why neither William Simon nor Michael Blumenthal has done anything about it.

* * *

Where was the ACLU when Anita Bryant's planned television show was cancelled because of her campaign against homosexuals? If she had been fired for speaking out for gays, we bet ACLU attorneys would have been marching arm-in-arm into court with her, noble expressions wreathing their faces.

* * *

When Joe Califano's enemy at the White House—we've heard it was Mark Siegel—leaked the story about Califano's cook, he probably was on his way to one of the most comfortable restaurants in Washington, the White House mess, which is staffed with Filipino stewards who give the place a charming colonial quality.

Filipinos also staff the very pleasant dining room the Coast Guard maintains for executives at the Transportation Department. (When we were last there, excellent wines were available by the carafe.) Brock Adams had promised to abolish the dining room when he took over but has since decided to "study" the matter further. Other executive dining rooms are at the Pentagon- as you would expect, it has the biggest—the Justice Department (breakfast $1.50, lunch $2.50), and the Treasury Department.

It is said, by the way, that during the government reorganization several years back the real reason the Treasury opposed the transfer of the Coast Guard to Transportation was that it didn't want to lose the Coast Guard dining room. Other executive dining rooms are hidden around the government. For instance, while a State Department spokesman denied to Warren Brown of *The Washington Post* that there was "an executive chef" at State, there certainly is an executive dining room—on the sixth floor, where assistant secretaries and such gather for lunch daily.

* * *

A couple of months ago we recommended that military pensions be paid only after 30 years of service have been completed, instead of the present 20. Upon further consideration of the cost of government pensions, it seems to us that both civilian and military pensions ought to require a combination of 30 years of service and 60 years of age. There should, of course, be exceptions permitting early retirement for people like combat infantrymen and air traffic controllers. But most government work does not involve high stress. And postponing retirement to age 60 scarcely seems harsh in a society in which most people don't retire until 65.

* * *

On the scale of human greed, American doctors are approached only by American lawyers. Thus we are delighted to report a couple of recent setbacks for the legal profession. First, the Virginia Bar Association is having to pay $200,000 to homeowners who were overcharged for real estate title searches because of a minimum fee schedule that had people paying $500 for a title it took a lawyer 15 minutes to check. Even better news is that the American Arbitration Association is offering mediation services to couples who are contemplating divorce. Our adversary legal system encourages the parties to a divorce to hate one another. A mediator, on the other hand, can bring people together and help them understand the legitimate points on each side and prevent life-long antagonisms that poison both the couple and their children.

* * *

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One of the more dramatic developments of the last ten years has been the escalation of real estate prices beyond the point where the average man can afford the old American dream of buying his own home. What is less commonly realized is that even if he already owns his own home, and even if he's paid off the mortgage, soaring real estate prices can still take it away from him because they are accompanied by soaring property taxes. Homeowners are finding their assessments rising so rapidly that those on fixed incomes can no longer afford to pay their taxes.

One cause, already apparent in Southern California, is, according to Robert Lindsay of *The New York Times*, "a new kind of commodities speculator who deals in new homes." "Investment syndicates," reports Lindsay, "are buying homes as fast as they are built in some communities and selling them a year or so later at prices that often double the money."

Another cause of inflated property taxes is the huge number of churches, charities, and other non-profit organizations that use public services but pay no taxes on their property. They own one third of all the potentially taxable property in the country. In Washington, for example, the officials of the National Geographic Society work in luxurious surroundings—paneled offices with built-in bars, multi-course luncheons served by white-coated waiters in private dining rooms—that are subsidized by those of us who pay taxes. The citizens of a rural county in New York have found a way to deal with the problem. They're proclaiming themselves clergymen and dedicating their homes to untaxed religious use.

* * *

One great problem with the Washington press corps is that, like the Washington bureaucracy, it tends to forget that there are real people out there with real problems that government decisions affect. Thus President Carter's Saturday phone-in on CBS and his subsequent appearance at the Clinton town meeting were important reminders of what concerns the people, from the loss of work through the Defense Department's closing of an arsenal to the loss of hope through the FDA's denial of the drug laetrile to a terminal cancer patient. These are the kind of things a politician learns when he's campaigning among the people. They explain why Carter is so right to try to break out of the Washington cocoon and why more reporters should be similarly concerned.

If few reporters understand the point of political campaigning, even fewer understand what politicians have to do between campaigns. Even the best of the political reporters, Richard Reeves, is guilty. In his new book, *Convention*, he depicts Richard Celeste, the lieutenant governor of Ohio and one of the better young public officials in the country, as ridiculous for trying to get to know his fellow delegates to the 1976 Democratic convention. Celeste is made to seem vulgarly cynical as he and his wife address invitations to a party for other delegates or as he instructs his staff to try to identify delegates who will be coming back for future conventions. One wonders what Reeves thinks the decent practice of the politician's craft is if it is not things like these.

* * *

Although Carter has publicly endorsed revision of the Hatch Act to permit political activity by civil servants, he is said to be acting out of political debt to the AFL-CIO, not conviction. We hope so, because Carter should realize that if the political power of civil servants as campaign workers were added to their power as voters, no politician could resist their demands. What we should do is offer the civil servant who wants to participate in politics the same deal his boss the President has—freedom to participate freely in politics as long as he is ready to give up his job if his side loses.

—Charles Peters

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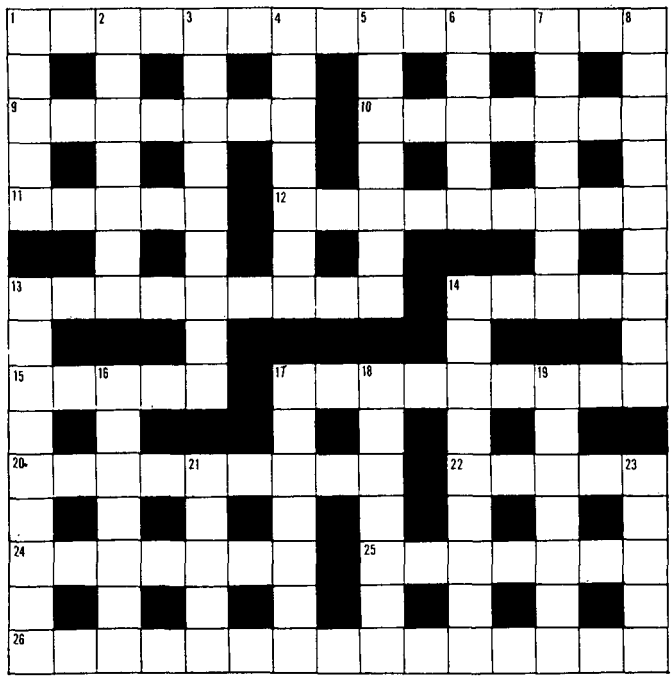
the political puzzle

by John Barclay



ACROSS

1. After the honeymoon in Washington. (8,2,5)
9. Star Trek not rerun is grimmer. (7)
10. Chin sag produced by running around. (7)
11. Farm in Teheran cheese belt. (5)
12. Very anxious in bed toying around. (2,5,2)
13. Exhibitionists become Kerr asset. (9)
14. Force to be found in limp elephant. (5)
15. Where Tosca can be found at the races. (5)
17. What female wrestler does to wild fresh thing, almost. (6,3)
20. The most assertive are hep sibling? (9)
22. Directions are somehow enough for the birds. (5)
24. Met pets storm around. (7)
25. Poised for job on road, yet. (5,2)
26. Indian leader's minions? No, they lead us all. (5,10)

DOWN

1. Model for snarled ropes. (5)
2. Student directs dirty look around rising gun lobby. (7)
3. Cheer up sorting out a trek heat. (4,5)
4. You are in a message which can be made right. (7)
5. Shopping centers from a boor in Mars. (7)
6. Specialized military school portrayed in Sousa film. (5)
7. Exhausting American G.I. pun resolved. (5,2)
8. Role for a Paul Bunyan in Congress? (9)
13. It cast its figure around. (9)
14. Tint and shape adjusted yesterday. (2,3,4)
16. Louis XIV's state? (4,3)
17. Environmental assessment can be ex-fault. (4,3)
18. Cigars, tea disturbed stomach ulcer. (7)
19. Composed her viny Shakespeare hero. (5,2)
21. Arranged safe initial haven for a bundle. (5)
23. Stops up various places. (5)

The numbers indicate the number of letters and words, e.g. (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.
Answers to last month's puzzle are on page 12

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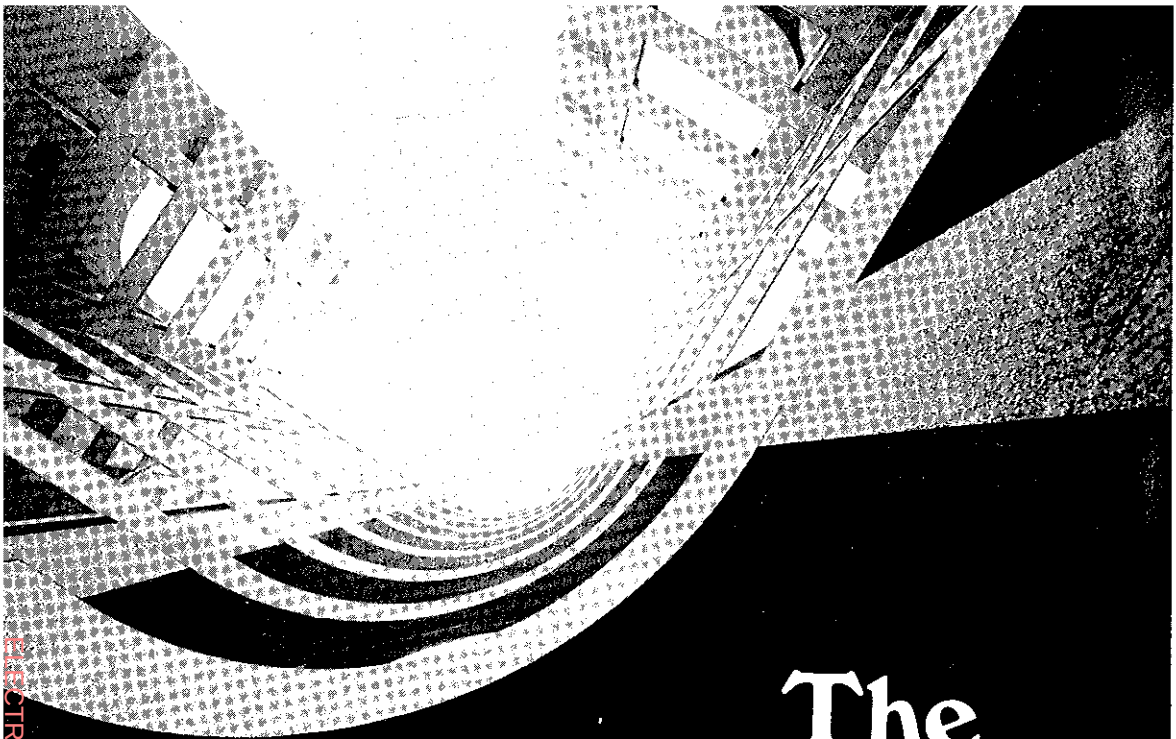

The Other Washington: Attorneys, Accountants, and Associations

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by Nicholas Lemann

Living in Washington, D.C. today, there is an exhilarating sense of being at a crucial juncture of history, one of those points where various factors can combine to push a city over the line of greatness. San Francisco must have been like this in 1849, and Chicago in 1880—there's a feeling of limitless possibility, of gold lying in the streets, of fortunes to be made by one and all. Historical moments like this come about when a city's economic potential expands dramatically as some great resource is discovered, like gold in San Francisco or railroads in Chicago. Usually these resources bring about a tremendous stimulation of the capitalist process as it's usually defined—goods or services are made available for which there's considerable public demand—but in Washington it's different, and even better as far as the city is concerned. The root of the boom is the federal government, which, because it's not subject to the usual dictates of supply and demand, may never stop growing. The autumnal air of faded grandeur that eventually settles over most cities may never come to Washington.

Half of this boom—the growth of the government itself, and the enrichment of its own employees—is fairly well known, but the other half isn't. The federal government has also done wonders for its state and local sisters and, most importantly, for private enterprise. During the 1960s, as the government's money, scope, and power grew, a mistrust of the bureaucracy by liberals and conservatives alike led to more and more work being farmed out to smaller jurisdictions and to experts. Thus while in the last 20 years the federal budget has more than quintupled, the number of civil servants has remained relatively constant; the increase has been in what is contracted out. The federal government now pays $60 billion a year to private contractors of one kind or another and another $50 billion to state and local governments and nonprofit institutions.

Perhaps even more important, the growth of the government's regulatory power has so excited and alarmed the general populace that vast and increasing sums are being spent to fight, wheedle, cajole, and observe various federal agencies. The government doesn't pay for this secondary growth, but it is certainly the cause of it. The consulting firm that tells corporations how to avoid new regulations is no less a beneficiary of big government than the consulting firm that tells agencies what regulations to draw up in the first place—in fact, most consulting firms do both.

There's no more visible sign of the

Nicholas Lemann is an editor of The Washington Monthly. *He was assisted in the research for this article by Joel Kaplan.*

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government-spinoff boom than the architecture of downtown Washington. The southern end of Washington is full of mammoth government office buildings that house the various departments and agencies. Directly north of them is an old downtown area that, like downtowns in most eastern seaboard cities, is dominated by large retail establishments and has seen better days. Thirty years ago, when this retail area was in its prime, most of Washington (besides it and the government buildings) was just houses.

In the last 20 years, however, the area immediately west of the old downtown, comprising about 25 good-sized city blocks, has been completely transformed, its houses torn down and office buildings erected in their place. Because of zoning laws that place an absolute limit on height but allow a generous ratio of building size to lot size, these buildings all look the same—big and box-like, 11 or 12 stories high. Because they were all built over a fairly short span of time, they're all in the same concrete-and-glass architectural style.

A newcomer to Washington might assume that these buildings house various parts of the ever-expanding government, but in fact that's not the case. The government occupies some space in the new downtown, but the great majority of its expansion has been in the suburbs, because the new downtown is too expensive. The General Services Administration, which rents the government's office space, has a rent ceiling of about $7.50 per square foot; in the new downtown it's hard to find anything for less than $8 per square foot, and the newer buildings go as high as $12.75. Nobody but private enterprises can afford the space, but the occupancy rate would make a real estate developer in New York or Atlanta seethe with envy.

Ever since about 1960 these buildings have gone up at a rapid pace, interrupted only by the recession of the early 70s, when Washington's builders found that in a surge of optimism they had overbuilt and were stuck with empty office space. However, while in most cities the real estate market is only just starting to recover from that crushing blow, Washington has righted itself quickly. By 1975 the building boom had resumed with a renewed fervor; in that year, developers put on the market three million square feet of new downtown office space, which by past standards would have been considered a four-year supply of space. That much building was a risk, but the developers (and their investors) had good reason to be confident and were prepared to take it.

Answers to the April puzzle.

1 A	C	2 T	I	3 V	E	4 P	O	5 S	I	6 T	I	7 V	E	8 S
M	■	R	■	I	■	U	■	H	■	E	■	I	■	T
9 E	L	I	T	E	■	10 L	O	U	I	S	I	A	N	A
R	■	P	■	T	■	S	■	B	■	T	■	B	■	I
11 I	N	S	E	N	S	A	T	E	■	12 I	C	I	E	R
C	■	■	■	A	■	R	■	R	■	E	■	L	■	■
13 A	S	14 S	U	M	E	S	■	15 T	U	R	B	I	N	16 E
N	■	C	■	■	■	■	■	■	■	■	■	T	■	N
17 S	T	A	M	18 M	E	19 R	■	20 S	P	21 R	A	Y	I	T
■	■	V	■	E	■	O	■	P	■	O	■	■	■	E
22 S	T	E	R	N	■	23 A	S	I	A	M	I	24 N	O	R
U	■	N	■	O	■	N	■	T	■	A	■	A	■	H
25 N	I	G	H	T	O	U	T	S	■	26 N	O	O	N	E
U	■	E	■	T	■	K	■	L	■	I	■	M	■	R
27 P	A	S	S	I	V	E	N	E	G	A	T	I	V	E

A Single Huge Structure

Of the ten big office buildings going up in downtown Washington that year, the biggest was 1800 M Street, which at 500,000 square feet was more than twice the size of its closest competitor. Its developer, the Oliver T. Carr Company, originally intended to put up two buildings on the lot instead of one, but the Equitable Life Assurance Society, which financed the project and owns the building today, suggested that there might be more long-term profit in a single huge structure.

The Carr company had started assembling property at the corner of 18th and M Streets back in 1968. It

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eventually bought eight parcels of land over a period of six and a half years—a defunct French restaurant, once Washington's finest, called La Salle du Bois, which had recently given way to a bar called Gentlemen II, a store or two, and several parking lots, which together made up 70 per cent of the 1800 M site. It was a good location, just coming into its own. "Sure, ten years ago people would have thought we were crazy to be building on that site," says Philip Carr, brother of Oliver and director of operations for the company. "But at that time, your fears didn't start until 19th, 20th, 21st. Eighteenth was safe."

The Carr Company, by virtue of having jumped into the commercial real estate business at exactly the right time, in 1960, is now one of the local leaders of the field. It was founded in 1902 by Arthur Carr as a builder of residential homes; Arthur's son Oliver built up the business; and when Oliver Junior took over the company he started looking at downtown properties. In 1964 the company finished its first office building, the Mills Building at 1700 Pennsylvania Avenue ("No problem renting that," says Phillip Carr. "People like the address, since it's so close to 1600."), and now it has six completed buildings, one more just being finished and another that it manages but didn't build. Altogether, the firm has developed 1.5 million square feet of office space; by com-

To show that 1800 M Street's mix of tenants is typical of the new part of downtown Washington—mostly various advisors, consultants, and lobbyists—here's a sampling from the directories of a few of 1800 M's neighbors:

1717 K Street
Consultants International
Association of Bituminous Contractors
Banker Committee for Tax Equality
American Telephone & Telegraph Washington Office

1730 K Street
Advisory Committee on Federal Pay
National Alliance of Businessmen
Firestone Tire and Rubber Washington Office
Freedman, Levy, Knoll, and Simonds

1776 K Street
Aerospace International Marketing
American Medical Association
Commission on Private Philanthropy and Public Needs
National Sugarbeet Grower Federation
The Tobacco Institute

2000 L Street
Association of American Railroads
Postal Rate Commission
National Science Foundation
National Labor-Management Foundation

2021 L Street
National Association of Trade and Technical Schools
North American Committee for East-West Common Existence
Group Health Association
Drivers, Chauffers, and Helpers Local 639

1900 L Street
Graphic Arts International Union
Booker T. Washington Foundation
National District Attorneys Association
National Association of Concerned Veterans

1801 K Street
IBM Corporation Washington Office
Committee to Reform Double Taxation of Investment
Price, Waterhouse, and Company
Urban Systems Development Corporation

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parison, Washington's biggest developer, Charles E. Smith, has 8.5 million. The building at 1800 M was by far the biggest project Carr had ever taken on.

Construction of the building began in June of 1973, and four months later Carr put up a temporary two-story leasing office on the site in order to begin selling space. It also printed up a glossy brochure and took out some newspaper ads. The brochure, which was written in free verse and had on its cover the building's semi-abstract logo, which looked like a Franz Kline painting, began like this:

"We would like to tell you about
an office
that we're planning for you.
It is not what you are expecting.
It is quite a bit more.
Quite a bit different.
Quite exciting.
'Office' probably isn't even an
adequate description.
Let us explain."

What "quite a bit more" meant was that one didn't make a buck in downtown Washington real estate by aiming at economy-minded clients. It's a class market, so 1800 M was to be a class building. The architect was Byron Black of Weihe, Black, Jeffries, and Strassman, which along with Vlastimil Koubek is one of the Big Two firms for Washington office building design. Black designed the building to look like two buildings separated by an interior courtyard. At the corner of 18th and M the building notches inward, creating a second open space. Inside, there are six high-speed elevators in each half of the building, near-invisible air-conditioning vents, recessed lighting, and wall-to-wall carpeting and modern art lithographs in the hallways. As the brochure pointed out, the building is in close proximity to "luncheons at the finest restaurants" and has three levels of interior parking. Major tenants could design their own interiors. At $9 a square foot, it was one of the best deals around. Although the Carr Company feared that the building's size would scare tenants off—everybody likes to look like he occupies major space in his building to impress clients—by the end of 1976 1800 M was 98 per cent full. The leasing took 18 months, three times longer than is usual for an office building, but it will be worth it in the long run.

The Three A's

The chief market for Washington office space is what's known as the three A s—accountants, associations, and attorneys. Sure enough, 1800 M's first tenant (and, at 56,000 square feet, its largest) was an accounting firm, Coopers and Lybrand, which in February 1974 signed a ten-year lease with Carr. Coopers and Lybrand is the world's largest accountant, with 300 offices and 19,000 employees, 7,000 of whom work in the company's 80 United States offices. Annual revenues are $450 million. In the general Coopers and Lybrand scheme, the Washington office is not a big deal.

But it's becoming bigger. Construction crews are encamped in Coopers and Lybrand's hallway, spoiling the view of the long leather couches and white rugs in the reception area; they're renovating some additional office space to house Norman Auerbach, the company's New York managing partner, who's found he has to spend a couple of days a week in Washington. The Washington managing partner, John Silton, has just signed on for some additional space in the building, and says he thinks Washington will be one of the company's big offices in a few years.

Like everybody else in 1800 M, Coopers and Lybrand is a beneficiary of the Washington boom; like all the other tenants, 15 years ago it wouldn't have thought about occupying the kind of space it now occupies. From the 1920s to the early 60s, the office had four or five employees and was essentially an adjunct to Coopers and Lybrand's Baltimore office that dealt with the Internal Revenue Service. It did no actual

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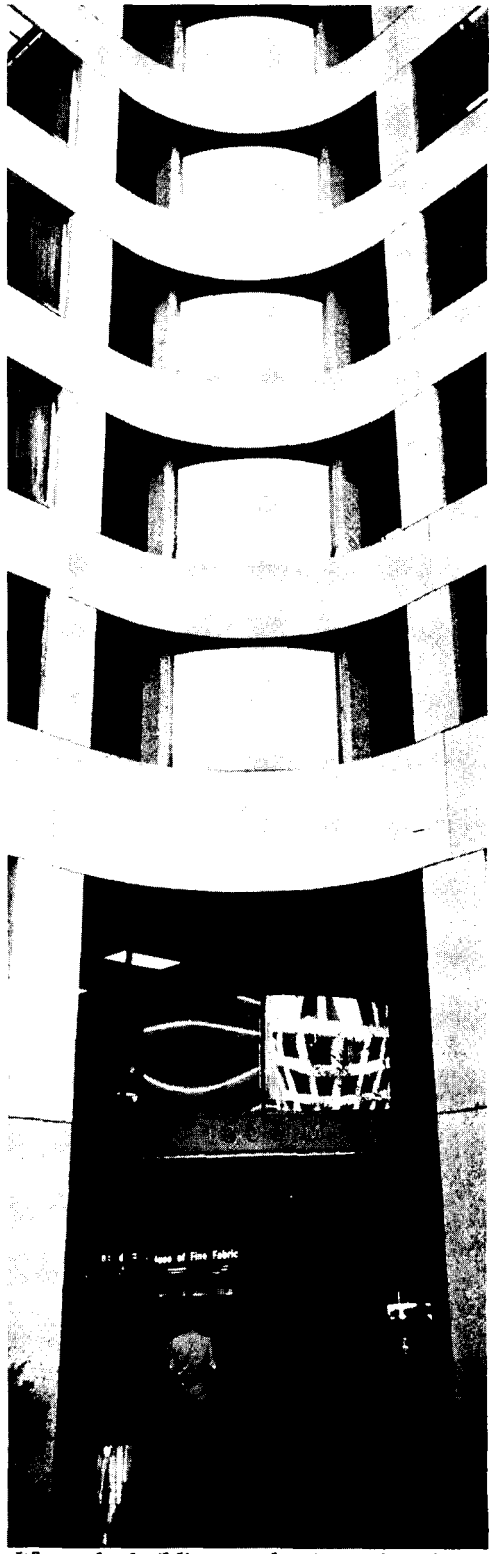
accounting work. In 1964 the Washington office split from Baltimore and grew to 12 people. By the early 70s its quarters in a building at 1100 Connecticut Avenue were getting awfully cramped and it hired a real estate consultant who led it to 1800 M Street. Two hundred and forty people work in the office now, not counting the people who are moving in from New York.

The office has grown nearly 5,000 per cent in 15 years chiefly because of the government. The IRS kept amending the tax code, and the Securities and Exchange Commission made *its* regulations vastly more complex, and Coopers and Lybrand realized that it needed a staff of people to monitor and interpret changes in the law that would affect its clients' bookkeeping. The same complexity that caused that growth also gave rise to research firms and trade associations that interpreted regulations for their own clients, and these firms needed accounting services—so Coopers and Lybrand expanded its services again. Pretty soon the government's regulations began to get so complicated that *it* couldn't understand what was going on in the tax, securities, and bookkeeping fields—so it started to hire consultants who did understand, Coopers and Lybrand among them. Half the firm's Washington business is now for the government. Other companies began to contract with the government too, and soon government contracting got so complicated that Coopers and Lybrand set up a branch to advise companies on the accounting aspects of that.

Then, seeing what a tangled web it was creating in the accounting field, the government started to think about regulating accountants, so Coopers and Lybrand had to worry about keeping an eye on those regulations and trying to influence them in a favorable direction (through testimony, not lobbying), which is why its New York managing partner is going to be spending time at 1800 M Street. "We get a lot of business from the



Diana H. Walker

Where the building notches inward, an imposing entrance.

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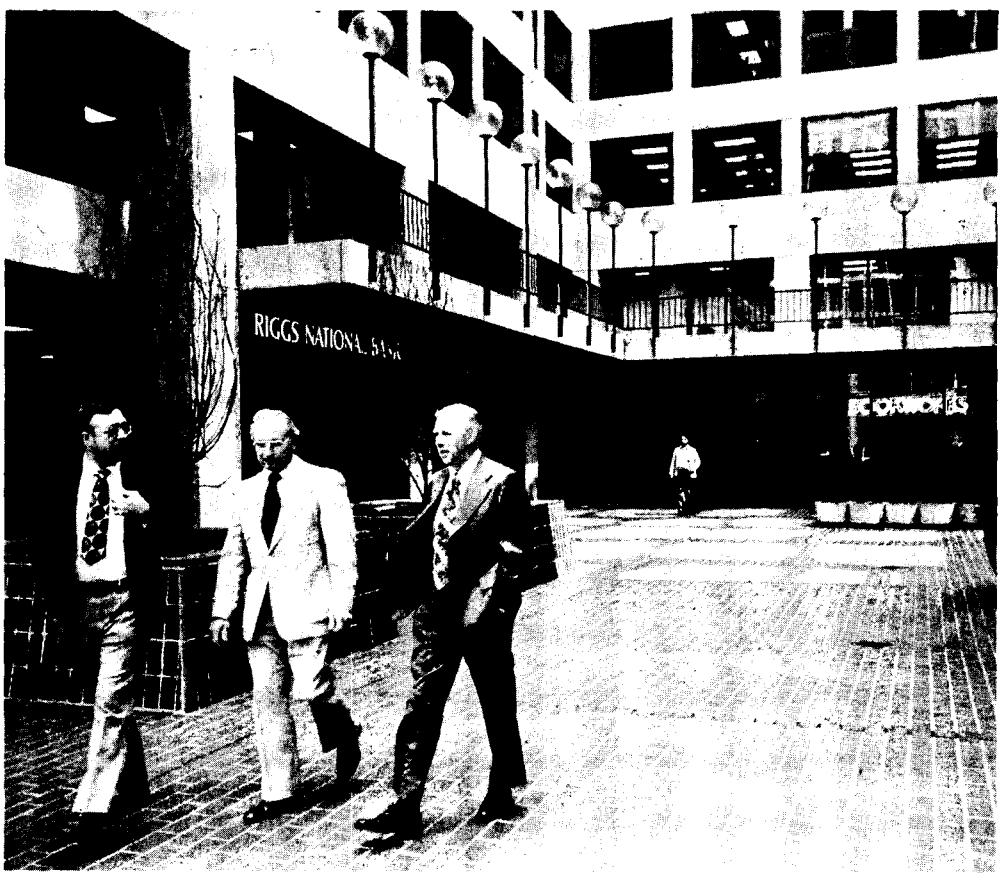
vastness and complexity of government regulations," says Silton. "Every time the government redoes the tax code, in effect it increases our revenues, although as professionals we abhor the law." The company's Washington business, Silton says, can only increase as more kinds of financial reporting are required of business. The American Institute of Certified Public Accountants opened a growing Washington office four years ago. Arthur Andersen's president, Marvin Kapnik, is spending time in Washington regularly. Peat, Marwick, and Mitchell is moving next year to an expanded Washington office.

Elaborate Cloaks of Anonymity

The second A, attorneys, provided 1800 M's second big tenant, the firm of Morgan, Lewis, and Bockius, which in July 1975 signed a five-year lease. Morgan, Lewis takes up two floors of the north half of the building, and its dark, lush, woody decor is in marked contrast to the white-carpet-and-chrome offices of the building's second-largest law firm, Shaw, Pittman, Potts, and Trowbridge, which has a ten-year lease on two floors over on the south side of the building. There are 13 law firms in all in 1800 M Street and about 160 lawyers working in them, which makes them the building's biggest genre of tenant. All the firms list themselves in the *Martindale-Hubbell* law directory as being specialists in practice before government agencies.

Most of the firms are hidden behind elaborate lawyerly cloaks of anonymity: they don't list their clients in *Martindale-Hubbell,* and they don't give interviews for fear of appearing to advertise. About a third are the Washington branches of big firms in Los



Diana H. Walker

The courtyard between the two halves of 1800 M, with the balcony visible in the background.

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Angeles, Chicago, Philadelphia, and other big cities, and handle the ever-growing government work of their clients back home. Some, like the Atlanta firm of Alston, Miller, and Gaines, which has a new office in 1800 M and just lost two partners to the new administration, may be trying to take advantage of a particularly favorable political climate. But most are Washington-based. Some are registered lobbyists. The dizzying range of a Washington law firm's activities is suggested, if only barely, by the building directory's listings of the organizations headquartered at one of 1800 M's firms:

Lane & Edson PC (for professional corporation, as opposed to partnership)

L & E, Inc.

National Association of Housing Managers and Owners

National Housing Rehabilitation Association

National Leased Housing Association

Potomac Institute Metropolitan Housing Program

Council of State Housing Agencies

The Institute for Professional and Executive Development Inc.

Committee for National Museum of the Building Arts

City of Baltimore Washington Office.

"Clients use us as an address," says Bruce Lane, the firm's senior partner. "They're not big enough to maintain separate offices." The firm is seven years old and has a growing practice, largely in housing matters that involve the government—real estate law, tax law, securities law, federal housing law. Lane is a registered lobbyist who tries to influence legislation on tax breaks and other subsidies affecting the housing industry. Just a couple of months ago, Lane got his picture in *Fortune* for heading a coalition of low-cost housing lobbyists that got some tax shelters written into last year's tax reform act.

The law firms have their own association, of course—the American Bar Association, which has its Washington office at 1800 M Street. The ABA has been growing as fast as everybody else in the building. Fifteen years ago its Washington office handled only government relations and employed three or four people; now it rents 42,000 square feet for more than 100 employees, who cover a wide range of issues: one recent ABA newsletter discussed legal developments affecting judgeships, the criminal code, campaign reform, grand jury reform, consumer protection, and direct election of the President, among other things.

The growth, says Herbert Hoffman, director of the office, has come about because the ABA decided to cover a broader range of governmental issues, and because the government started doing more things that affect lawyers. Hoffman says the ABA does some things that affect lawyers' pocketbooks, but that it's mostly a public-interest organization, involved in making America "a better place to live, a better place to raise your kids." In the Washington office, he says, "I can't think of any purely trade issues. I can think of some that those who want to malign the legal profession say are trade issues. Take attorneys' fees. You could say lawyers want to be paid more—but lawyers have to eat too, and low pay can discourage people from taking on certain kinds of practice."

Indeed, Hoffman is right: on the ABA's terms, what it does is in the public interest. Its studies and its lobbying are built around the general goal of extending legal services to more people in America, which theoretically would be doing them a great favor. Thus the ABA is opposed to federal no-fault laws on the grounds that they deprive people of the right to representation. The ABA's stand on public-interest lawyers is pay them more so the public can have quality representation too. Mental health? The ABA wants to give the mentally ill the right to hire lawyers. Judicial salaries? Higher ones will improve the

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quality of American justice. If you believe that the more lawyers (and the better paid) the better, it's logic you can't argue with. And the ABA's public-interest aura is infinitely helpful in achieving its goals, now that lobbyists and special interests are in disrepute.

All the lawyers at 1800 M Street were an important factor in attracting another major tenant, National Economic Research Associates, a consulting firm that moved there, its office manager says, because "this is a prestige building, and there are people in this building like Morgan, Lewis and Shaw, Pittman who we're associated with and who we want to be associated with." NERA, as it's called, does a good deal of consulting for law firms, preparing supplementary studies for use in antitrust cases. NERA was founded 15 years ago in New York, but its Washington office has been growing by leaps and bounds. Ten years ago it employed three people, but now there are 56.

An Awesome Range

The third A, trade associations, is well represented in 1800 M Street, most prominently by the ABA, but by several others as well. Particularly intriguing is an organization called Hauck and Associates, which is in association *management* without being an association itself. Its potential range of activities is wide—it can serve as the office of a trade association and handle all its activities; it can be the Washington office for a trade association headquartered elsewhere; it can do one specific thing for an association, like monitor government regulations or publish a newsletter; or, in the case of an association that already has a Washington office, it can act as a consultant in association management, providing studies and advice. The awesome range of Hauck's potential activities has not yet been achieved because it's a new firm, founded in 1974. It moved to 1800 M in 1975 because, its president, Sheldon Hauck, says, the location was good and "this is a first-class office building. It helps attract employees. Clients like to come here—it sets a tone for their organizations."

Hauck started the firm after ten years in the association business and three years as a lawyer. After passing through the Pet Food Institute and the National Broom Council, among others, he decided to go into business for himself. So far he has four clients: three associations connected with the food business, and the brand-new International Discotheque Association. Hauck doesn't lobby, but he and his staff do keep up on and write up all federal regulations affecting their clients, which is a major task. They organize industry-wide conferences in the United States and abroad, and publish a vast array of public-relations documents. The future for Hauck Associates, again, looks bright. In the company's brochure, it lists the major trends in the association business over the next 25 years. Number one is this: "More regulation by the Federal Government seems inescapable."

Wandering through the well-appointed halls of 1800 M Street, a sameness sets in: dozens of blondwood doors emblazoned with the names of firms and associations, which open to reveal deep-pile-carpeted reception areas. A few prints here, some potted plants there. In every office there seem to be bound copies of the federal code somewhere, and fresh copies of the *Congressional Record* and *Federal Register*, which someone is reading in order to keep up on the regulations affecting whoever the client happens to be. Back in a corner office is the boss, in a meeting or talking on the phone; in smaller offices flanking his there are younger people doing research and writing it up into reports. The dozens of associations, consultants, corporate lobbyists, and so on that fill up the rest of the building all fit this general pattern; listing them all would put you to sleep, but some of the noteworthy ones are these:

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●An organization called UBA, which used to stand for Unemployment Benefit Advisors but now doesn't stand for anything. UBA lobbies the government to keep down the degree of federal influence on unemployment benefits and workmen's compensation, preferring to leave them under the states' jurisdiction. Although UBA is a non-profit corporation that subsists on voluntary contributions, these contributions all appear to come from businesses that fear federal control over benefits programs will mean higher taxes for them.

●The Washington office of American Medical International Inc., which defines itself as "an international health care services company." So far its office, which opened this year, has a staff of only six, but it's likely to do well: its field is "international government health care consulting," and it is headed by a former deputy assistant secretary of Defense for health, who ought to know his way around the government contracting offices.

●The International Snowmobile Industry Association, which lobbies the government on issues affecting snowmobile manufacturers, of which there are plenty. The association, which was founded in 1965, wants safety standards its members can live with; land-use laws that allow snowmobiling on other people's property and on government parkland; fairly lax noise restrictions; and quite a few other things. In addition, it sets up industry-wide training programs and the like.

●The Washington offices of a number of major corporations, including Union Camp, Burlington Industries, Dow Chemical, Marathon Oil, and A&P. These offices handle lobbying, monitoring of the government, and some polishing up of the company image—all, from the companies' standpoint, with good reason. Burlington expects to spend $25 million this year complying with government plant regulations. Union Camp has produced an elaborate Bicentennial message about "freedom," that is, the free enterprise system, which is fighting off the encroachments of "the central government." Anybody who reads business publications, or even the oil companies' newspaper ads, can see that the government is an obsession with every major corporation in America, and that obsession, whether or not it's justified, gives rise to amply budgeted Washington offices.

●Golembe and Associates, a ten-year-old, $1.2-million-a-year consulting firm that primarily advises banks and financial houses on internal fiscal planning. It emphasizes, its brochure says, "relationships with legislative or regulatory bodies," particularly by monitoring legislation and giving expert testimony before the government. Golembe also publishes several periodicals and sponsors seminars for executives.

●The Washington office of Barton-Marsteller, which calls itself "a public relations/public affairs organization operating on a world-wide scale." In its reception room, a UPI machine softly ticks out the news of the world, while inside a dozen "government relations specialists" work on "resolving problems at the national level." This apparently means that they lobby or advise corporate executives about how to lobby or testify themselves.

That seems vague, but vagueness is in long supply at 1800 M Street. People are loath to say exactly what they do, in the way that a car manufacturer might say, "I make cars"; they prefer to speak in broad generalities about ranges of services. In going from office to office, I could find only one small place that was involved in actually producing some sort of goods for the consumption of the general public—a magazine called *Ladycom* that goes out to wives on military bases. Otherwise, everyone seemed to deal in expertise, advice, meetings, reports, access. It occurred to me that it would be possible for a single company to hire half the building simultaneously to provide one

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service or another—an oil company in Los Angeles, say, could have its government relations office at 1800 M, its association, its association's consultant, its L.A. lawyer's Washington office, its Washington lawyer, its Washington lawyer's antitrust consultant, its public relations office, its own economic consultant, and so on. In all these offices people would be poring through government regulations and then explaining them.

The standard moral judgment that is passed on this great web of explainers that fills up 1800 M Street and the buildings like it is that they may not be doing anything productive, but that's all the fault of big government. If the government would mind its own business and not make so many regulations, there would be no need for every productive company to hire an array of unprotective companies for protection.

But that is, at best, about half true. For one thing, the effects of the government's power flow two ways: if regulations are costing some companies money, other companies exist on subcontracted government business or on particularly favorable regulations. If the private companies themselves are models of tough, streamlined efficiency, it's curious that they spend so much of their money on soft services from Washington, often supporting their various consultants in a manner far grander than most of their own executives.

Judging from what's happening in downtown Washington, the traditional economic order is changing. It used to be assumed that the key to an economic system was production: those who owned property and controlled the means of production were the ones who got rich, and everybody else worked for them for somewhat less than the value they added to what was produced. While this makes perfect sense, it does seem now that the fastest growing sector of the economy is what might be called the nonproductive sector, and that this sector, instead of being a mere adjunct to the process of producing goods, has enormous power itself. For all the flaws of old-fashioned capitalism, it's worth doffing our hats a moment at its passing, if only because it was centered around the late concept of productivity. Now, with the nation so vastly complex and so minutely regulated, the torch is passing from those who make things and sell them to those who can explain how it all works. The need for them appears to be limitless. Simply understanding our society has become the most valuable economic commodity.

Unlike raw materials, expertise is not something that gets depleted, and unlike consumer products it is not something for which demand dries up. Its future as an economic commodity in America is bright and secure-and by extension, the Washington building boom is continuing apace. I asked Philip Carr whether all the talk of cutting down and simplifying big government scared him, and he said, "This government's not going to get smaller. Jimmy's got a great idea, but you're not going to cut heads. This is a federal city. It's not going to get smaller. Tucson can get smaller. We can't. It might change, sure. We may be sitting here in five years and it won't be the three A's any more. It'll be the three B's or something."

The Carr Company is now building a complex of three buildings in downtown Washington, called International Square. Each of the three will be 400,000 square feet. Rents will start at $10.75 and go as high as $12.75. The complex will open in June, and it is already 65-per-cent leased. And downtown being about filled up by now, the company is further broadening its horizons. Philip Carr is very excited right now about an old, rundown area just west of downtown called the West End, where the company has been buying up acres of land. Like a frontiersman, which, in a way, he is, he gets a gleam in his eye when he talks about the West End. "That's virgin land out there," he says. ■

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Memo of the Month

DEPARTMENT OF THE ARMY
HEADQUARTERS PRESIDIO OF SAN FRANCISCO
PRESIDIO OF SAN FRANCISCO, CALIFORNIA 94129

REPLY TO ATTENTION OF:

AFZM-SAF 22 FEB 1977

SUBJECT: Safety Letter 1-77

SEE DISTRIBUTION

1. This safety letter should be discussed with all personnel and then posted on the unit bulletin board for 30 days.

2. The hazards of walking:

a. The investigation of accidents involving walking and working surfaces reveals that most accidents are the direct result of inattention. Most of the incidents do not involve lost-time injuries but do result in pain and inconvenience.

b. This inattention coupled with reading or reviewing documents while walking; going up or down stairs with both hands occupied (not holding the handrail); and wearing footwear of unusual design are responsible for the great majority of mishaps.

c. The character, age and composition of walking surfaces are frequently cited as the culprit in mishaps, but objective investigation suggests that the preponderance of these mishaps are the fault of the individual.

d. Tripping, slipping and falling accidents are not restricted to the work environment. Both adults and children are injured daily due to the same causes outside work areas. Awareness of the hazards as well as supervision of the children may help reduce the severity and frequency of these accidents.

3. Any mishap can result in injury to an individual's pride or person, and all mishaps result in some loss of productive time. Individual responsibility to oneself and others is a key element in the prevention of accidents. The constant awareness and application of this responsibility are an absolute necessity in order to efficiently accomplish the assigned mission at reduced costs and to improve the morale and welfare of the military/civilian community at the Presidio of San Francisco.

FOR THE COMMANDER:

DISTRIBUTION:
A - B - C
Plus:
SAF (1,500 cy)

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

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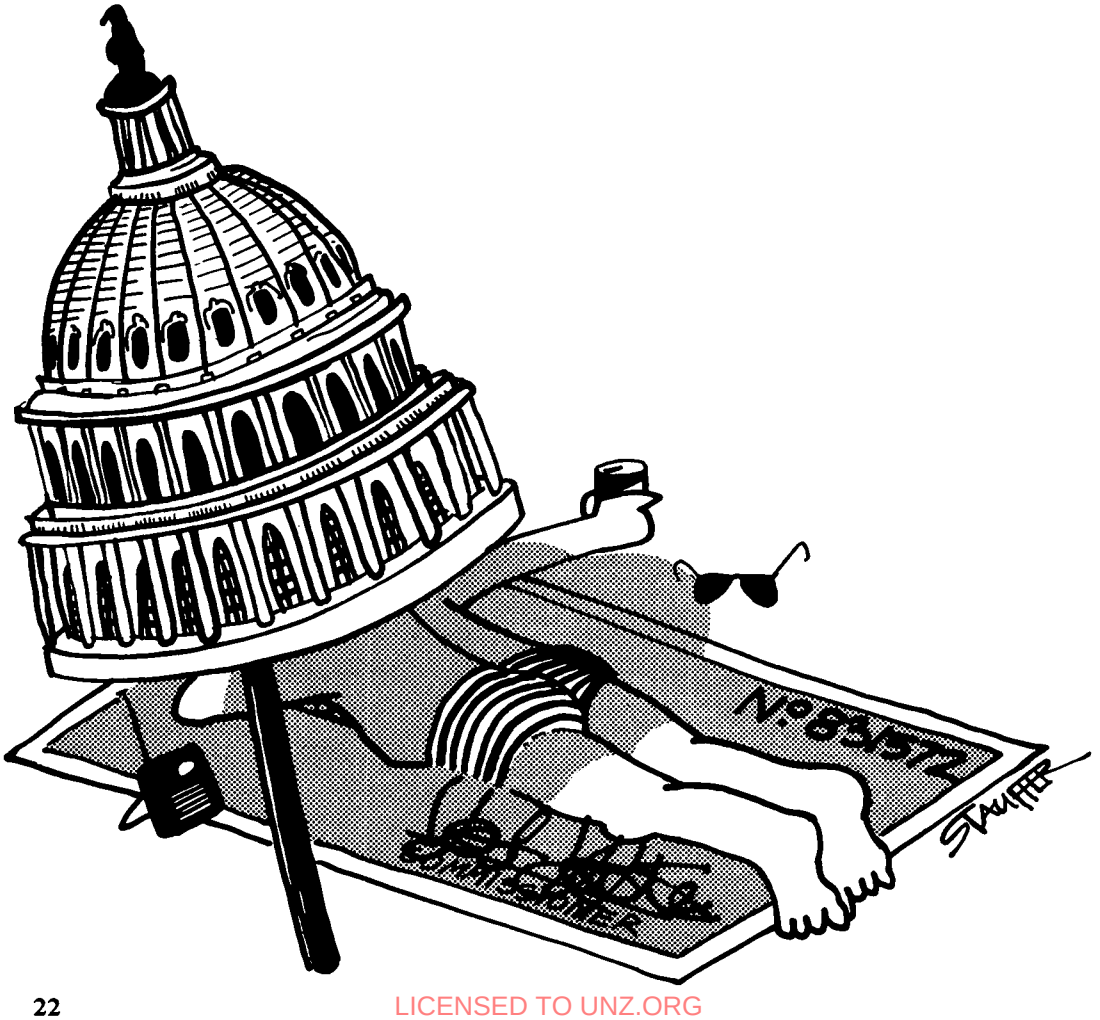
Confessions of an



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Unemployment Cheat

by Lenny Marx

The envelope looked like all the others. It contained the latest unemployment check from the bountiful Kansas Division of Employment, and I ripped it open with a trembling, eager greed. It was a weekly ritual I had grown to love in the year since I had lost my job. In that time I'd become a familiar sight to my mailman, greeting him in my pajamas and bathrobe at two in the afternoon. But as I pocketed the check and headed back to the kitchen for a snack, I noticed another card in the envelope: the State of Kansas was cutting off my benefits. In April 1976 my free ride would be over.

The news came as a shock, and I felt a queasy sensation in the pit of my stomach. I might be forced to . . . *get a job*. It was all terribly unfair.

By losing my job and then studiously avoiding work for over a year, I had managed to become eligible for 65 weeks of regular, extended, and emergency benefits. Better yet, the law graciously delayed paying benefits for each week that I earned money. Thus, I'd once imagined, by making enough magazine or book sales, I could stretch out the benefits until I was 65 years old, at which time I'd become eligible for social security. I often imagined the scene as I returned to file another request for an extension: I am 55 years old, with 8,524 rejection slips behind me. Looking over my records, the sympathetic clerk has a striking resemblance to her mother, with whom I filed 30 years before.

"Still no work, Mr. Marx?"

"You know how it is," I say. "There just aren't any openings in the newspaper business."

And now it was all about to end. A lifetime subsidy, my carefree existence—all of it would vanish. It seemed that the state had to end its participation in the federal emergency benefits program, which was passed by Congress in 1974 and expired this March. Under the law, a state was cut off when its insured unemployment rate dipped below five per cent. So, in Kansas, enough of my fellow jobless were willing to give up the good life and find work, thus selling me out. Perhaps I shouldn't have complained: I had already gotten 26 weeks of unemployment under the earliest unemployment law, passed in 1935; 13 additional weeks had been brought to me courtesy of a 1970 law; and I was well into the 26 more weeks that the federal emergency benefits program provided when the spigot was cut off. To get all this bounty, all I'd had to do was work six months, and get fired. For this I was paid a comfortable majority of my previous salary, tax free. And nationwide, there were roughly 12 million other grateful people accepting unemployment

Lenny Marx is a writer. Aleta Kaufman provided research assistance.

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benefits each year. A surprisingly large number of them were just like me—men and women, who, for one reason or another, had no intention of finding work. Many others simply didn't bother to report the income they were earning.

A Bit Crazy

Like other well-meaning programs, unemployment insurance has gone a bit crazy, draining government treasuries, harassing businesses, and adding to unemployment. Its purpose is admirable enough—helping the unemployed through a temporary financial crisis—but it has now joined the crazy-quilt of government direct and in-kind subsidies to individuals that are shot through with waste, duplication, fraud, and incompetence. Nearly half of the federal budget is being spent on direct payments like welfare, veterans' benefits, social security, workmen's compensation, and unemployment insurance. Add to that private pensions and union employment benefits and in-kind services like Medicaid and food stamps, and you have a rather unpleasant picture of a nation of hustlers, grabbing for what they can, the cost to others be damned.

And who can blame them? Or me, for that matter? We want food, clothing, a place to live, a little cash, and, in some publicized cases, Florida vacations and Cadillacs. We are ambling in a kind of instinctive tropism towards a makeshift guaranteed annual income, taking our checks here and there from whichever agency is handiest. Meanwhile the government is wasting millions in spreading around cash to people who don't really need it, and ignoring others who do. It's an ass-backwards approach that will eventually bankrupt us all. The real solution has been obvious for years—a simple income maintenance program—but each succeeding administration remains content only to tinker with the mechanics of its spending programs.

Contrite Thoughts

In the meantime, my friends and I took our unemployment checks and stayed at home, sleeping late and smoking dope. I suppose, if pressed, I'd have to admit that contrite thoughts crossed my mind occasionally. Although there was considerable glee in my reaction to finding out what a good deal I'd stumbled on to, I did realize that I was taking money from government treasuries that wasn't intended for people like me. Sure, that money might otherwise have gone to worthier causes, but more likely it would have paid for aircraft carriers or bureaucrats' salaries; and besides, I was living a fairly modest and virtuous life to which I saw no satisfying alternative.

In my case, the unemployment checks were my personal instrument of liberation. I had been fired from a Topeka newspaper and was living in a commune in Wichita. After years of newspaper journalism, I had a chance to try fiction, magazine work, and poetry. I became a gentleman of leisure, a member of the idle rich. With my $72-a-week tax-free income, I felt that most work was beneath me. With aristocratic disdain, I could do only that work which was interesting—no dreary reporting or research jobs for me.

It could not be said, however, that I had no interest in holding down a regular job. This is a rather common slur against the unemployed. In fact, there were several promising jobs I would have been glad to have. One post that appealed to me, for example, was that of Associate Editor of *The New York Times*. Write a few editorials, do a column now and then, lunch with the Mayor—all these tasks could be admirably handled by a person with my skills. I would also have been willing to work as a staff poet on *The New Yorker* or writer-in-residence at the University of Honolulu. But these jobs, unfortunately,

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weren't available at the time I applied.

Not that I didn't try. Under the law, I had to fill out a card each week that asked several questions, including, "Were you ready, willing, and able to work during the week shown on reverse side?" and "Did you actively look for work during the week shown on reverse side [If yes, list two contacts in space provided]." Naturally, under such insistent prodding, I desperately scoured the land for work. Each week, I began my search with fresh hope, only to be rebuffed.

Fortunately, because of my training and experience, I was required to look for work only in the field of newspaper reporting. To claim benefits, all workers are required to accept only offers of "suitable work," based on their prior experience, earnings, or training. The higher up the career scale you are, the more rarified is the concept of suitable work. Thus the proles have to accept virtually anything the state employment service might offer, but professionals like myself are shielded from such discomforts. I was dismayed to learn that my local employment office, after requesting that I register for work, had no listings from newspapers seeking reporters. I was on my own.

I started by calling the newspapers near my home and then moved on to other publications. At first, I actually placed the calls myself. After all, it was a criminal offense to make false statements on my weekly card. I wasn't eager to bring down the wrath of the state by not at least *seeming* to be looking for work. At one time, I sincerely believed that there was some kind of Archangel of Unemployment who was watching over me at all times, ready to pounce if I made a false move.

Thus, fearful of arrest, I began my long job search. My day would start bright and early at noon, when I'd rush downstairs to get the classified section of the newspaper. I'd flip through the want ads until I found what I needed: the comics at the back. After reading "Peanuts" and "Doonesbury," I'd fold the section carefully into neat squares and drop it in the wastebasket. Pencil in hand, I then wandered over to the Yellow Pages to find a newspaper to call. The routine was invariably the same.

Lying on the couch, I picked up the phone.

"Editor-in-chief, please."

After a while, a busy, gruff man came on the line. "What can I do for you?"

"Well, Mr. Editor, I'd sure like to work as a reporter on your newspaper," I said, my voice cracking in an adolescent whine. "Are there any openings?"

"No. Try again some other time."

The news came as a sharp disappointment. No jobs in journalism! How could that be? I was so upset that I often found it impossible to make any more calls for the next few days. I was also so exhausted by the effort of lifting the phone and turning pages that I was forced to lie outside in the sun, taking along a transistor radio to calm my shattered nerves. Afterwards, rested and refreshed, I managed to summon the courage to place still another call. The results, I'm sad to say, were the same. I took some comfort, however, in the knowledge that I had discharged my obligation under the law.

As time wore on, I refined my job-hunting techniques. The clumsy hit-and-miss method I was using was clearly getting me nowhere. My valuable time was being wasted, and my energy sapped, by all the fruitless phone-calling. As a time-saving device, I took to opening up the Yellow Pages at random and writing down the names of any businesses I found. At the end of the week, I sent this information to the state, and then merely waited for my next check to arrive. I was surprised at how easy this was. And by skipping the tiresome process of actually contacting employers, I spared myself the embarrassing prospect that someone might offer me a job.

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But this method posed more dangers than the direct-dial approach. So, on one Sunday night in the fall, I came perilously close to a fine, or imprisonment, or both.

A Close Call

Sundays between 11:30 p.m. and 11:35 p.m. were traditionally set aside for my arduous weekly job hunt. Sitting in front of the TV, I balanced the Yellow Pages on one knee while writing down on the unemployment form the employers I'd purportedly contacted. The card was supposed to be mailed on Sunday for the previous week. On that night, I wrote down the names of two local newspapers, while consulting my pocket calendar to search for appropriate application dates to use. Then, with the satisfaction of one who has completed a job well done, I licked the envelope and headed towards my mailbox with a confident swagger.

When I got back, I took a second glance at the newspapers I listed. Even to an untrained eye, it looked awfully suspicious. They were both on the same street, with similar titles. To reassure myself, I dialed one of the numbers.

"I'm sorry, the number you have dialed is not a working number."

The tape-recorded voice of the operator came as a shock. With hands trembling, I quickly phoned the other paper. It, too, was out of business. They'd probably been part of a small chain. Obscure weekly papers fold constantly, and I'd been foolish enough to use an outdated Yellow Pages in my job search. I started sweating heavily at the thought of what I had done. This time I'd gone too far: this fraud could be easily spotted.

I envisioned the headlines following my arrest: STATE NABS 'WRITER' IN JOB SCAM. The short AP story would no doubt be seen in newspapers around the country, including those read by my mother:

"State prosecutors today announced the indictment of Lenny Marx, 28, an unemployed Wichita resident, on 14 counts of defrauding the government and 'illegal laziness.' Marx, a self-styled 'writer,' was charged with falsely claiming unemployment insurance benefits, although he has made no attempt to find work in the last ten months.

" 'This was easy to crack,' said one investigator, 'because he wrote down the names of two defunct newspapers located on the same street. It stuck out like a sore thumb.'

"Marx, who faces up to three years in jail and a $1,000 fine, had no comment."

With that scenario in mind, I thought about my unemployment form lying placidly at the bottom of the metal mailbox, waiting to spirit me away to my doom. I had no choice; I had to retrieve that envelope. But how? It was now 12:30 a.m. By noon, the mailman would come, open up the box, and my fate would be sealed.

A slight, misty rain was falling outside. Running to my closet, I put on my raincoat and took out a wire hanger. Bending it into shape, I forged a tool that I hoped could do the job. With luck, the aluminum hook could scoop up the letter. I went out to make my rendezvous with destiny.

If anyone caught me, I would surely go to prison or at least Allenwood, for this was a crime. On the front of the box, it clearly stated, "It is a crime to tamper in any fashion with this property of the U.S. Government. Anyone caught doing so will face up to a $1,000 fine or three years in prison, or both." It was a risk I had to take. I unfurled the coat hanger from underneath my raincoat and got to work.

Looking around casually, like just another neighbor mailing a letter, I quickly rammed the wire down the opening of the mailbox. I could feel it rustling and scraping down there, but I sensed that my envelope was having a good laugh at my expense. I thrashed the wire against the sides of

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the box, as if that could stir up a response. All the while, I kept a watch out for any patrol cars.

Looking over my shoulder, I soon saw the beams of approaching headlights against the overhanging trees. I froze in panic: I was about to be caught red-handed. Soon the whole neighborhood would be surrounded with squad cars, SWAT teams, megaphones, sirens, flashing red lights. The jig was up.

I grabbed my coat hanger and jumped into some nearby bushes and watched the car move slowly by. Although it turned out not to be a police car, I realized that it had been a very close call. I got up, badly shaken and wet, too, and made a few more desperate lunges with the wire. Then I headed back to my house, a defeated man. My only hope lay with the mailman.

Ugly Possibilities

It would be unseemly, of course, but I had no choice but to beg him to return the letter. The pick-up was scheduled for noon. I took no chances: at 11:30 a.m. I was out there in my car, ominously parked across from the site, waiting for him to show up. Passers-by stared at me, as I did my best to look non-criminal. Time passed, noon came and went, and still the mailman hadn't arrived. The confining atmosphere of the car was slowly driving me mad. All sorts of ugly possibilities crossed my mind: I

I thrashed the wire against the sides of the box, as if that could stir up a response.

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had missed the pick-up, or the FBI was waiting for me to blow up the mailbox, or the mailman had been replaced by an undercover agent. One thought that never occurred to me was that I should be out looking for work. Finally, the mailman arrived.

"Please, sir, I need a letter in there." My eyes glazed over with a look of soft yearning. "I made a mistake and I need to get it back. Is that okay?"

"I'm sorry, man, I can't do that," he responded with Superfly ease. "You'll have to fill out a letter retrieval form at the post office."

"But by then it could be too late!" I wailed. "Can't you just give it to me now? I won't tell anybody."

"No, man. Rules are rules. Dig?"

So it was that I found myself down at the local post office, filling out the proper forms. I felt distinctly uncomfortable, as if the clerks there suspected that I was up to no good. I was using one agency of the government to help outwit another, and I expected at any moment that the postmaster might swoop down on me:

"What's this? Another free-lance writer trying to retrieve a fake unemployment form? We can spot your kind a mile away. Hold him, boys, while I call Washington."

But on the surface, I did my best to act calm. And late in the afternoon, I came by to claim my long-lost letter. I had been saved. More importantly, I had learned a vital lesson: next time, I would be more careful in pretending to look for work.

Thus imbued with the fear of God, I decided to make sure my efforts could be well documented in case the government investigators came calling. This did not, however, put me in any danger of finding work; in fact, I was able to cut down my job-hunting to a mere three minutes a week. With a nationwide newspaper directory and a *Writer's Market* as my guides, I was assured of an endless stream of publications that would never consider hiring me. To comply with the law, I actually wrote letters to employers—but they were guaranteed to alienate even the most sympathetic boss.

Of course, the first step in this nationwide job hunt was to pick publications that looked like they were run out of somebody's basement. This was called hedging your bets. Thus, I favored the poetry section of *Writer's Market*, where I'd look for entries like this: "*The Paisley Rainbow*, Free Thinker Press. Editor: L.B. Davis. Established in 1972. Biannual. Circulation: 400. Acquires all rights. Pays in contributor copies." Inevitably, they had no openings for reporters.

I did, however, try to balance my search by applying to heftier specialty magazines, like *Stock Car Review* of Tupelo, Mississippi. For them, I'd concoct letters aimed at, shall we say, attracting attention. Hand-written on yellow-lined paper, the letters went like this:

"Dear Sir:

"I would like to be the editor of your magazine. Although I know very little about stock cars, I am willing to learn. I have some writing experience and have attended an accredited college. I am in good health, except for occasional attacks of *grand mal* epilepsy. In addition, I am no longer addicted to heroin. I am interested in a salary range of $250 to $500 a week. If there are any openings, please don't hesitate to get in touch with me.

"Sincerely,

"Lenny Marx"

In response, I'd get back amazingly cordial letters informing me that while there were no vacancies at the moment, they were keeping my application on file. The sad part was that I received the exact same response when I really *was* interested in a job, sending off newspaper clips and a fancy resume to papers around the country.

Heightened Self-Worth

All this futile job-hunting had a marked impact on my personality.

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Most articles in the press focus on the deterioration that follows prolonged joblessness: lowered self-worth, marital problems, increased alcoholism and suicide rates. There is supposed to be some kind of stigma attached to unemployment, but for increasingly large segments of the population that just isn't so. For a middle-aged aerospace worker, say, with a family to support, losing your job is indeed a major crisis. But for young people, singles, artists, it's a great chance to fulfill yourself—at government expense. Listen now to the agony of America's unemployed, as reported in *The Washington Post*:

Stuart Waters, 21: "Everybody is looking forward to retirement at 65. I figure I might as well retire now. I mean, if I'm going to work, why shouldn't I work later instead of now?. . . And there's no such thing as not being able to work, either. I could walk out of here tomorrow morning and get a job doing something."

Pat O'Connor, 40: "It gives you and your mind a time to be much more creative than you ever were . . . . To think that I've done Russian novels, that I've tackled Dostoevski on my own, without even taking a course. I've used the time so fruitfully, whereas before I'd be caught up in all this trivia . . . .

"I would never have quit. I would have been an unhappy person. I knew it, but who leaves a $20,000-a-year job? I was afraid to quit because I thought it was terribly essential that I get another $20,000-a-year job, because I couldn't live. Can you believe it? Incredible! And this is the horror of so many job situations."

Edward Kostin, auto worker: "I think being unemployed was the happiest six months of my life."

Let me add my own voice to this chorus of misery. While on unemployment, I blossomed as a writer, my emotional and physical health improved, and my love life picked up dramatically. There was a new bounce in my step, a ruddy glow of good health on my cheeks. "Hey, Lenny," friends asked me, "what's your secret?"

"Unemployment insurance," I smiled back.

At parties, on the street, in unemployment offices, wherever my friends and I gathered, there was nothing but kind words for this magical program that was transforming all our lives. "I couldn't live without it," one free-lance director told me. In preparing for a play, he collected unemployment for several weeks prior to opening night, then only reported the income paid to him for the two-week run of the play. That way, he recalled fondly, he only missed two checks. Another friend, a sculptor, collected thousands of dollars in unreported income as a bartender while devoting himself to his art. I was a bit more honest, dutifully reporting my income from an occasional short-story or article sale.

Still, I had a sense of luxury, of freedom, that I had never had before. Better yet, unemployment, far from being a stigma, was actually something of a status symbol. It helped me lure women. I had become a man of independent means, almost as if I had inherited wealth. Moreover, while the typical writer was paid five or ten cents a word, I was pulling in an average of three dollars for each word I wrote down on my unemployment form. It was terse, economical prose, and it brought me a steady income.

For me, and people like me, unemployment insurance had become that long-cherished liberal dream: government funding of the arts. While the National Endowment for the Arts and Humanities spent about 10 per cent of its budget last year on individual artists and writers, the state and federal governments were doling out millions more to virtually every struggling artist in the country. So, Nancy Hanks, eat your heart out. Unemployment is far more democratic than the usual grant program: anyone can apply, without the benefit of big-shot connections or a university affiliation. There are no cumbersome proposals

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to submit, and no petty bureaucrats to oversee works-in-progress. My own project, "The Elevation of Lenny Marx into a Rich and Famous Writer by 1978," would hardly qualify for government or foundation support, but was tailor-made for the unemployment program.

The Real World

For others with no artistic bent, the unemployment program is allowing them to live out the fantasies of their undergraduate days. Backpacking across the country, setting up communes, sleeping on beaches, America's young are learning that all the parental horror stories about the "real world" are just so many fairy tales designed to scare them into regular work. "Work for six months and go on unemployment" is their new motto, and it's working out just fine, thank you. Unemployment offices are beginning to resemble youth hostels, with nomadic college grads checking in for their weekly out-of-state employment reports.

The old-fashioned desire to work to the top of a given career is being replaced by other sets of values. Bright young people are approaching their work like illiterate slum dwellers, taking odd jobs and menial labor as a way to earn money, then moving on when the mood hits them. Or they are landing high-paying jobs, then getting themselves fired so they can collect unemployment. And in nearly half the states, they can simply quit and collect their checks after a slight delay. Meanwhile, to cover the costs of the program, their employers are paying taxes into state and federal treasuries, and throwing up their hands in despair at the rapid turnover of workers.

Employers have a right to feel resentful. They are paying about $6 billion a year in unemployment taxes. They are hit with an average of nearly three per cent in state and federal taxes on the "wage base," or taxable payroll, defined as each employee's wages up to $4,200. And *then* they are penalized with higher taxes up to a state maximum if there is a big worker turnover. These penalties have a polite liberal logic, but it means that in some cases industries are being dunned extra for each rip-off artist who breezes through a plant and leaves six months later. Or they have to endure incompetents in order to keep down their taxes. On the other hand, conservative economists like the Public Research Institute's Kathleen Classen charge that the maximum turnover tax rule is too low, allowing stable companies to in effect subsidize the frequent layoffs of seasonal or cyclical industries like agriculture, construction, and mining, many of which exceed the maximum. Along with Harvard economist Martin Feldstein, she also argues that the availability of tax-free unemployment benefits only encourages businesses to lay off workers. Feldstein estimates that it contributes to half the temporary layoffs in the country. It has become part of an unofficial wage package offered to workers in high-turnover industries.

One sign of the lure of unemployment benefits is the "inverse seniority" provisions in the contracts of several industries. These provisions give workers with more seniority the privilege of being laid off *earlier* than other workers and being rehired *later*. Without unemployment compensation, Feldstein contends, there would be fewer unstable jobs in the economy. Some economic studies have also found that increasing the tax rate on the wage base would lead to more firings.

And the taxes are not as small as they seem. In large industries, they can make a dent in profits, and many corporations look to consulting firms or their own legal departments for ways to reduce unemployment taxes. And one obvious way is to fire workers.

All in all, unemployment taxes seem to have been designed by Lewis Carroll, with amendments by Joseph Heller. A system that was originally supposed to have been self-financing

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has, under the pressure of a recession and expansive legislation, turned into an overgrown idiot child, devouring general revenues needed elsewhere. Raising unemployment taxes can add to unemployment, thus further draining government treasuries and causing still higher taxes, again costing more jobs. But raising taxes seems to be the only funding alternative for a literally bankrupt system.

Total costs for unemployment jumped from $7 billion in 1974 to $20 billion in 1976, while revenues increased only $1 billion to $7.5 billion. Obviously, something has to give. By the end of 1976, 21 states had depleted their unemployment funds and had to turn to the federal government for $3 billion in loans. And the federal government in turn had exhausted its trust fund and had to borrow $11 billion from general revenues for federal and state payments. Naturally, that borrowing cut into monies available for other programs. Things will only get worse, because benefits increase automatically with pay raises, while the wage base has a flat ceiling.

We thus have created the seeds of a system that could turn every state government into another New York City, but few people seem to notice. Congress goes on raising taxes and expanding coverage, without giving much thought to who will pay the final bill. Those who do complain are merely traditional conservatives and businessmen, and we all know how

Unemployment taxes now seem to have been designed by Lewis Carroll.

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heartless *they* are. One reason there are few other protests is that no one is willing to jeopardize his own personal security. Unemployment insurance has as its potential constituency every wage earner in the United States. Unlike most other government subsidy programs, it is broadly available to the middle class, so it is less vulnerable to attack. Over half the benefits go to families with incomes over $10,000.

Although workers are generally satisfied, businessmen are starting to protest the unemployment system. Even so, they speak cautiously, as if pointing out some of the more obvious flaws could only get them tagged as Neanderthals out to starve the masses. Last year, for example, the National Association of Manufacturers asked for an end to duplicate benefits for former federal employees, who may, at the same time, receive unemployment, pension and social security benefits. The group estimated the savings at $3 billion a year. Its suggestion had no impact, and nothing at all has been done to cut back on the range of duplicate payments available to both government and private workers.

Now and then, a businessman's group issues a report denoucing fraud and waste in the unemployment system. In 1975, the Washington Board of Trade chimed in with its call for a crackdown, and its proposals disappeared without a trace. Obviously, Washington, D.C. is not the most receptive home for a stirring cry on behalf of the work ethic. The nation's capital is in fact, something of a Freeloader's Paradise, boasting both the federal bureaucracy and a welfare and unemployment system that supports a relatively large portion of the city's population. The unemployment program is especially generous, with benefit levels up to $148 a week, and only a one-week wait after quitting your job to collect benefits. The area is a magnet to unemployed people around the country, some who come for less than noble reasons.

In addition to groups, individual businessmen also make their own, less restrained attacks on the system. At a Maryland legislative hearing, for example, one suburban auto parts dealer complained that he was tired of paying benefits for "drunken, thieving, drug-addicted" people who lose their jobs. Another critic, Robert D. Snelling, chairman of the board of the nation's largest employment agency, said, "Open-ended unemployment benefits are the primary reason why our greatest problem this year has been not locating jobs but finding people to fill them."

The workers feel otherwise, and small wonder. They have available to them a pleasant range of unemployment benefits. The regular 26-week program originated with the Social Security Act of 1935. Because of high unemployment, Congress in 1970 passed an extended benefits program that added 13 weeks of payments. This was followed in 1974 by Federal Supplementary Benefits (FSB), which expired in March. This plan added up to 26 more weeks, courtesy of the federal treasury. Both the extended and FSB programs are triggered by high unemployment rates. I took advantage of all of them.

By this spring Congress was considering a new, tightened FSB plan to run until March 1978. In addition, last year Congress passed legislation raising payroll taxes, while extending coverage to state and local government employees, and some domestics and farm workers. Those groups are now covered by a temporary program, Special Unemployment Assistance, and will be gradually phased into the permanent system.

But unemployment benefits are not the only subsidies available to the jobless. According to one study, fully *half* of those receiving unemployment benefits are getting other payments. The study, by the Mathematica Policy Research Project, found that the most common additional sources of unearned income were social security and railroad retirement payments, fol-

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lowed closely by all manner of pensions. Social Security and railroad retirement payments may rank so high because unemployment payments do not affect them, so the recipients lack much incentive for going back to work. Welfare and food stamps recipients who go on unemployment, on the other hand, have their benefits cut.

Of course, government largesse isn't the only laziness incentive. Among the better deals available to the unemployed are union supplemental benefits programs. For auto workers, this amounts to nearly 95 per cent of their take-home pay for up to a year, when combined with government unemployment checks. Layoffs are little more than tax-free holidays. Unfortunately, only a fraction of those receiving unemployment insurance are so blessed, and few states pay benefits to strikers. Still, even *without* any other subsidies, government unemployment benefits usually replace two thirds of a worker's net income.

All together, the unemployed—especially the half of them that are getting benefits—are not simply the hapless victims of fate portrayed by the liberal press. We are all familiar with the traditional James Agee imagery: the unshaven worker, fired after 20 years at the plant, standing in line to pick up his meager check, while his wife and two kids, Sis and Junior, huddle near the fire in their modest, two-room home. We see the Labor Department's monthly figures, hovering recently in the seven per cent range, and think of black teenagers scouring for work and husbands scanning the want ads and little children going hungry. Every able-bodied person who wants work should have a job—that is the promise liberal Democrats offer. The Carter administration hopes to cut unemployment to six per cent by the end of 1978. The long-range aim is to Put America Back to Work. But a closer look at the realities of unemployment show that many of the jobless aren't quite as hungry for work as the policy planners believe.

Recent analyses of unemployment statistics have produced some startling findings. The Bureau of Labor Statistics generally classifies people as unemployed if they are not now working, but have looked for work in the past four weeks. But its surveys also count those who are on temporary layoff and those who will be starting work in a month. All these categories, incidentally, are based on the assumption that the respondents aren't lying. When I was getting unemployment checks, any government pollster interviewing me would have been loudly told how hard I was looking for work. "I'm out pounding the pavement every day, sir," I would have said with an earnest look.

In February of this year, the unemployment rate was 7.5 per cent —that's 7,183,000 people. Only about a third of them, 33.5 per cent, were fired outright or had jobs that collapsed. Even those fired and those laid off together amounted to less than half of the unemployed; the rest were people who had left their jobs voluntarily (11.9 per cent), people who were just returning to the job market after a voluntary absence (27.5 per cent), and new entrants into the market (13.1 per cent).

And Martin Feldstein found that among men aged 25 to 64, prime members of the work force, nearly half of them, classified as "job losers," were only on a temporary layoff. Using 1974 figures, he also discovered that 38 per cent of all job losers—the biggest category of unemployed—were waiting to be recalled to their jobs. This is hardly the picture of unemployment that Jimmy Carter paints.

In addition, most people find work quickly after losing jobs. More than half the unemployed go back to work in four weeks or less, and only one-eighth of the jobless have been looking for over six months. Moreover, the American people seem to treat jobs as revolving doors: over 20 per cent of the work force is at least

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temporarily unemployed during the course of a year—three times the monthly figures.

Understandably, the job search becomes more successful once unemployment benefits run out. One study found that two thirds of those who exhausted their benefits then found jobs or withdrew from the labor force. Generally, about a fifth of all those eligible for unemployment benefits collect the maximum allowable amount.

The heart of the question, of course, is to what extent unemployment benefits actually promote unemployment. Unfortunately, in this area there are wildly contradictory findings, often based on inexact data. Some of these studies are also an affront to common sense. One is Stephen Marston's influential Brookings Institution research, which concluded unemployment benefits only add .3 per cent to the unemployment rate. That's still roughly 288,000 more unemployed people. Marston's work, however, has been criticized by some in the Congressional Budget Office and Labor Department for using fancy computations to cover up a weak data base.

Kathleen Classen's 1974 work for the Labor Department is thought to have more reliable data, because she examined the effect of a rise in benefits on job searches in a single state. She concluded that a $10 rise in benefits leads to an extra week of joblessness, and that the overall impact at that time was a .9-percent jump in the unemployment rate. Later estimates have gone as high as 1.2 million more people unemployed because of benefits, or 1.25 per cent. Interestingly enough, Classen also undercut one of the social justifications for the long delays in finding work: the search for a better job. She found that longer spells of unemployment didn't lead workers to either better-paying or more permanent, satisfying jobs.

Two of Classen's colleagues at the Public Research Institute, Arlene Holen and Stanley Horowitz, have made additional findings that underscore the role of benefits in adding to unemployment. The two researchers found that increasing the rate at which people are denied benefits—either because they quit or didn't look for work—decreases the unemployment rate. They concluded that doubling the denial rate might lead to as much as a 25-percent dip in the jobless rate—without changing eligibility rules.

Obviously, weeding out cheaters and loafers would be an almost impossible task. Tough regulations for proving job search can be easily manipulated. In my case, I could furnish written proof from 200 newspapers that I had applied for a job, knowing full well that a *pro forma* application never landed anyone a newspaper job. If a person doesn't want to work, he'll figure out a way to comply with the law and still get his unemployment check. If worse comes to worse, he can always blow the interview. I've done it so many times when I really wanted to work, that I could easily duplicate some of my previous performances. Seedy clothing, long hair, shaky hands—it's amazing how a few minor quirks can keep you on the unemployment line. To cut out the free-loaders, there would have to be a cop at every mailbox, spies in all the personnel offices, and weekly lie-detector tests. For 12 million annual recipients, that's quite a large administrative budget.

Now, except for a few publicized scandals, fraud enforcement is largely haphazard. It's easy to catch a Florida vacationer who confesses on *60 Minutes* to using Michigan benefits to subsidize his golf practice. What's not so easy is doing something about the routine ease with which recipients get benefits while avoiding work. Equally difficult is catching those who collect off-the-books cash income while getting their unemployment checks. Denial of benefits is one tool that's relatively unused—last year, only .8 per cent of America's 155,000,000

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unemployment claims were denied because the claimants were not looking for work. Criminal prosecutions are even rarer. Fewer than 6,500 people were convicted for unemployment-related fraud last year. Another sign that the government is now on top of the situation is its estimate that less than one per cent of claims are illegitimate. The State employment services, of course, could easily boost denial numbers as a way to get more staff and look tough, but given the way the agencies are run, they'd never make a dent in the problem, while hurting a lot of people unjustly in the process.

The federal government is making a slight move to shake out the system, but it's at the cost of some important personal rights. The proposed extension of Federal Supplemental Benefits tightens eligibility in several ways, while cutting the maximum benefits to an additional 13 weeks, instead of the present 26. It's reasonable to ask recipients, as the proposal would, to supply "tangible evidence" that they're conducting a sustained job search. What's not so pleasant is the requirement that people accept newly defined "suitable labor," even if it pays less or requires fewer skills than their customary jobs. That requirement only goes into effect when the state determines that your prospects for obtaining work in your field are poor.

Naturally, this provision was attacked by a group of 800 chanting unemployed who streamed to Washington recently to protest the new bill. While their leaders spoke from a church pulpit, they cried out, "No Cuts! No Way!" They called the bill "slave labor." Although their language was strong, they had a valid point: if people would rather barely scrape by than do work they find odious, they should have that right. Of course I wondered why they had enough energy to protest but not enough to find a job.

The protestors' attitude is not the kind that sits easily with most Americans—after all, what have they done to deserve a free ride? But the free ride of unemployment compensation is hardly a luxurious one; it provides you with enough money to scrape by, and that, in most cases, is it. If our society is willing to allow people the explicit tradeoff that unemployment benefits imply—if you really don't want a boring, degrading, even dangerous job, the government will maintain you at a subsistence level—that's fine. If it's not, people like me will always find ways to cut the corners and get what we want. There is, like it or not, a group of people in this country for whom the material comforts a job brings are simply less important than doing something interesting, creative, or useful—even just restful. Most people aren't willing to live poor, but we are—and I feel strongly that we're not just leeches on society. I think we're making America a better place. Something like 90 per cent of the actors in this country get unemployment, as well as a sizable chunk of the artists and writers.

While living off my unemployment checks, I was contributing to society by writing short stories and remaining cheerful. If forced to work, I'd have become surly and depressed, gone on wild drinking sprees, crashed into government-owned highway dividers and wasted the time of ambulance drivers, policemen, and emergency-room doctors. Admittedly, I'm an extreme case, but the social cost of forced labor is truly too high for all of us. The price I paid for my freedom was that I barely had enough money to pay my rent, food, and other expenses. Others in the country were also willing to make that bargain.

By this point, those half-dozen readers still following along might be impatient for the stirring cries for reform that usually conclude such articles. How can we make the unemployment system work again? Actually, for my purposes, it works fine. It's better than the Irish sweepstakes and the chances for winning are much greater. It's one of the few programs left in America where any citizen, no

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matter how unlucky or downtrodden, can get something for nothing. The conservative proposals for making the system pay for itself—higher tax penalties on unstable industries, taxable benefits, tough enforcement—could cause unnecessary human suffering and further unemployment, without closing the revenue gap. To achieve either sound financing or an end to fraud would never be worth the cost we'd have to pay.

What's needed is a dismantling of the entire apparatus of government subsidies to individuals. The subsidies will cost an estimated $192 billion this year, or 46 per cent of the federal budget. We should replace them all with a guaranteed annual income. The current system is unfair and uneven, penalizing the working poor, families with able-bodied adult males, individuals, and childless couples. One person's income is inflated by a wide range of government checks, while another has to survive on social security. It's open to waste and fraud, too. Repeated scandals, hearings and investigations have changed nothing. The Welfare Queen, Linda Taylor of Chicago, is only the ultimate symbol of how rotten the system is. She allegedly used 26 aliases to collect $150,000 a year from welfare programs. She took from nearly a dozen different programs. There are still needy people in this country, but only the hustlers know how to use the programs, while the rest of us pay for it.

A negative income tax might not remedy everything, but it could go a long way towards ending abuses and helping those who really need help. Administered through the IRS it would take all income into account —including gifts and winnings—and provide a bare minimum on which to live. The mechanism is already there, and the necessary fear and respect is there as well. And if you wanted to earn more money, you'd have to go out and work for it. The initial jump in the federal budget would likely lead to long-term savings following the cutting of all the other programs.

Would everyone quit his dull, menial, low-paying job the next day? That would be unlikely, but the threat of that could have an enormous impact on the workplace. Most of the miserable jobs our society parcels out to the under-classes are made available with the boss's confident knowledge that otherwise the people who take them would starve to death. With the small cushion of a guaranteed annual income, workers could begin to demand higher wages, more power, and better conditions. The economic resources now directed upwards to pay the high costs of movie stars, athletes, corporate lawyers, and others with enjoyable jobs might be shifted back down to typists, janitors, and short-order cooks. The *Walden II* economic system could take hold here: we'd pay high prices for the work no one wanted to do.

Even with a negative income tax, work would get done. The leading study in the subject shows that Americans won't stay home in droves even if given free cash. An $8 million, three-year experiment by the Office of Economic Opportunity found that a negative income tax barely affected the work habits of the heads of low-income families. A range of cash guarantees and tax breaks were offered to about 1,300 families in New Jersey and Pennsylvania, who were assigned to either experimental or control groups. White heads of families ended up working only 5 per cent less, and among blacks and Spanish-Americans there was virtually no reduction at all. Another recent study showed that 80 per cent of working people would work even if they were given enough money to live comfortably.

And a guaranteed annual income would allow for only the barest necessities. For me, it would be like a year-round unemployment check. I would still stay home and write my stories. But I wouldn't have to cheat anyone or bankrupt any treasuries to do it. ■

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Who's Who in the Carter Administration

With this issue, The Washington Monthly *introduces a new regular feature—listings and brief descriptions of new personnel at the top levels of the federal government. This month, because of the new administration, the listings are longer than they're ever likely to be in any other month that Jimmy Carter is President. Most issues, they'll take up a page or two, as the flow of new appointments diminishes to a normal level. It's our hope that these personnel listings will be of interest and even use to our readers, and that taken together they will set forth a picture of the character of the government.*

THE WHITE HOUSE

Vice President—Walter Mondale, a product of Minnesota's Democratic-Farmer-Labor political machine and a protege of Hubert Humphrey, is a genuinely decent, humorous liberal. He is just nice enough or lazy enough to let others choose for him the ceremony, the pleasant meeting, the chance to be vice-presidential over the chance to be powerful. His star is in modest but not precipitous decline. **Richard Moe** is Mondale's chief of staff.

Press Secretary—Jody Powell, we think, is the real number-two man. A canny Georgia farm boy who has worked for Carter in various capacities since 1970, he is the first press secretary since Bill Moyers with enough ability to be President himself. Carter listens to him more than to anyone else on the staff, but his influence has necessarily diminished since November, as the circle of advisors around Carter has grown. His assistants are **Rex Granum**, from the *Atlanta Constitution*, **William Drummond**, from the *Los Angeles Times*, **Walt Duka**, **Walt Wurfel**, and **Patricia Bario**, who handles the small-town papers.

Assistant to the President—Hamilton Jordan, most reporters say, is number two, and his corner office on the presidential floor of the West Wing and his power over personnel for the administration show he's certainly not lower than number three. A native Georgian, Jordan has worked for Carter virtually his entire adult life, aside from a stint as an International Voluntary Services volunteer in Southeast Asia. He is and always has been a political operative, not a policy-maker; he wrote a prescient memorandum to Carter in 1972 that told him how to capture the presidency, and then made it come true over the next four years. With no campaign pressing and his job-filling function largely disposed of, Jordan could find himself with nothing to do over the next couple of years. Or he could be in the enviable position of being able to comment on everything without having the reponsibility for anything. This is said to be what he wants. **Landon Butler** is his deputy.

National Security Advisor—Zbigniew Brzezinski is a sharp, ambitious former Columbia professor and foreign affairs scholar who clearly has Carter's ear. He maneuvered carefully to get his job, and now that he's in it the big question is whether he will upstage Carter's foreign policy advisors who are not in the White House. That seems possible, although Carter does respect Vance and Brzezinski is suspected of being overrated as an original thinker.

Domestic Policy Advisor—Stuart Eizenstat is a quiet, straightforward lawyer from Atlanta who filled the same job in the

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campaign. A bookish graduate of the University of North Carolina and Harvard Law School, Eizenstat is said to politick less than the others at the top, but, since power tends to follow function under Carter, he is influential nevertheless.

Congressional Liason—Frank Moore has been in hot water since the day he started. He was liason to the state legislature when Carter was governor of Georgia, and apparently won Carter's lasting loyalty. He's generally liked at the White House, but he's not well thought of on the Hill, perhaps because of his habit of not returning phone calls or giving early warning of White House actions. His deputy is **Joseph Mitchell**, another Georgian.

Counsel—Robert Lipshutz is a 55-year-old, calm, low-profile Atlanta lawyer and longtime associate of Carter's. He was treasurer during the campaign and now chairs the senior staff meetings, although he is less important than this would indicate. His assistants are **Margaret McKenna, Michael Cardozo,** who ran the Carter campaign in Connecticut, and **Douglas Huron.**

Public Liason Advisor—Margaret Costanza was the vice-mayor of Rochester and one of the first New York politicians to come out for Carter. She is fiesty and has strong opinions, and makes $56,000 a year to make sure that, in her words, "organized America" is plugged in to the White House—a function that is often largely cosmetic.

Economic Advisor—Charles Schultze chairs the Council of Economic Advisors and has earned Carter's respect and affection. A Brookings economist, he has been a prominent member of the liberal Democratic government-in-waiting in Washington for the past eight years. He's an Establishment man who, unlike most of the top White House staff, had no particularly close ties to Carter before the election.

Energy Advisor—James Schlesinger is apparently waiting in the wings until Carter can get a new Department of Energy and Natural Resources cooked up for him, at which point he'll become a full-fledged Cabinet secretary. Schlesinger has been Secretary of Defense and director of the CIA, and he could be the only really hard-line right-winger high up in the Carter Administration. A Harvard classmate of Henry Kissinger's, Schlesinger has a reputation for being very smart and very tough, although he apparently did not transmit these qualities fully to his biggest project to date, the national energy plan. He and Carter get along well.

Appointments Secretary—Tim Kraft stepped into Greg Schneiders' shoes at the last minute, and has won admiration around the White House in a difficult job —controlling personal access to Carter. He is a former Peace Corps volunteer, assistant to the governor of New Mexico, and executive director of the New Mexico Democratic Party. After leading successful Carter primary campaigns in Iowa, Pennsylvania, and Ohio, he became Carter's field director last fall. **Tim Smith** (appointments), **Fran Voorde** (scheduling), and **Ellis Woodward** (advance) are his principal assistants. **Scott Burnett** hands out the tickets to the Presidential box at the Kennedy Center.

Staff Secretary—Richard Hutcheson is a 25-year-old former graduate student from Wisconsin who was a grassroots politics whiz for Carter during the campaign and now handles the flow of paper into the President's office. He's said to be an abrasive martinet.

Personnel Director—James King is the most popular member of the White House staff. A former aide to Edward Kennedy, he managed the campaign travel arrangements for the Carter staff and the press. His assistants are **James Gammill**, who was coordinator for the Democratic convention, and **Betsy Godley**.

Secretary to the Cabinet—Jack Watson was at one time the fair-haired boy of the Carter camp—young, bright, an ex-Marine, trained at Harvard Law School, a partner in Charles Kirbo's law firm. It was a brief moment, however; as transition director, Watson tried to amass too much power and was deposed by other aides. Since then he's been relegated to positions that are nonessential but sound important, like his present one. Despite all, he is an able man. He's assisted by **Lawrence A. Bailey**, a black lawyer from West Virginia, **Bruce Kirchenbaum**, who makes sure mayors and governors are plugged in, and **Cynthia Wilkes.**

Special Projects Director—Greg Schneiders after being one of the men closest to Carter throughout the campaign, was all set to become appointments secretary when suddenly a lot of nasty stories came out about some financial problems that had grown out of his unsuccessful career as a Washington bar and restaurant owner. Apparently those stories were not complete coincidence—Schneiders was on the losing end of an intramural struggle, and became known, with Watson, as one of the Walking Dead. Now he thinks up ways for Carter to get closer to the people.

Special Trade Negotiator—Robert Strauss

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is a colorful, voluble, wealthy Texas lawyer who brought the Democratic Party from ruin to triumph in four years as its chairman. A canny politican, his post is not just a reward; his negotiating skills and broad contacts are thought to make him ideal for the job.

Chief Speechwriter—James Fallows was an editor of *The Washington Monthly*, president of the *Harvard Crimson*, and co-author of two Ralph Nader books. He was number-two speechwriter during the campaign. He is assisted by **Hendrik Hertzberg** from *The New Yorker* and **Griffin Smith Jr.** from *The Texas Monthly*.

Science Advisor—Frank Press was chairman of the geology department at MIT.

Other White House Assistants—Claudia Townsend puts out the daily press summary. **Hugh Carter** and **Richard Harden** try to hold down waste and have not won the esteem of their colleagues. **Peter Bourne** is the drug man. **Barry Jagoda** is the media advisor and **Rick Neustadt** is his assistant. **Joseph W. Aragon**, a Mexican-American from California and veteran official of the Democratic National Committee, is the White House ombudsman.

Staff of Domestic Council:

David Rubenstein, a former Senate staffer whose job during the Carter campaign was to dig up dirt on Ford, and **Bert Carp**, the highly respected staff director, who worked for Mondale in the Senate, are Eizenstat's top assistants.

Lynn Daft is in charge of agriculture and rural development.

Katherine Schirmer is an ambitious former assistant to Senator Philip Hart who handles energy and environmental issues.

Simon Lazarus has been a public-interest (under Bess Myerson and Nicholas Johnson) and private-interest (with Arnold and Porter) lawyer in Washington. He worked in the Carter campaign and now heads the Domestic Council's government reform division.

Joseph Onek, who was director of the Center for Law and Social Policy, and **Robert Havely**, who coordinated health issues during the campaign, handle health issues for the Domestic Council.

William Johnston a respected former assistant to Professor Sar A. Levitan, and **Orin Kramer**, a lawyer who has worked for the New York and New Jersey state governments, are in charge of housing and urban development.

Anne Guittierez supervises the Domestic Council's justice division.

Frank Raines, a black lawyer and Rhodes Scholar from Seattle, is in charge of welfare and social services issues.

Staff of National Security Council:

David Aaron has been an assistant to Mondale and a member of the Senate Intelligence Committee staff. He is Brzezinski's top assistant. *The New Republic* calls him the "fresh mind" of the group.

Karl F. (Rick) Inderfurth, who worked on the Senate Intelligence Committee staff, is Brzezinski's special assistant.

Jerrold Schecter, who was chief diplomatic correspondent for *Time*, handles National Security Council press operations.

Dennis Chapman runs the situation room.

Jessica Tuchman, a Ph.D. in nuclear biophysics and biochemistry, is reponsible for "global issues," including nuclear proliferation, arms control, human rights, population, food, and environmental controls.

The specialists on the staff are **Robert Pastor**, **Roger Hansen**, and **William Odom** for the Western Hemisphere; **William Hyland** for Russia; **Robert Hunter** for Western Europe; **William Quant** and **Garry Sick** for the Middle East; **Michael Oxenberg** for China; **Michael Armacost** for Japan; **Robert Hormats** for International economics; and **Samuel Hoskinson** and **Robert Rosenberg** for intelligence.

Office of Management and Budget

Director—Thomas Bertram Lance, a bulky, wealthy, Georgia bank president, was Carter's first major appointment, and has his boss' ear in the White House. Lance is a self-made, seat-of-the-pants economist, generally regarded as conservative. During Carter's governorship he ran the Georgia highway department, and, as Carter's anointed successor, he ran for governor himself in 1974 and lost. In public statements, Lance tends to assure businessmen that they have nothing to fear from the Carter administration. The early word is that despite his enormous potential power he is too lazy to master his job.

Executive Associate Director for Reorganization and Management—Harrison Wellford is a highly regarded former Nader aide who is in charge of the reorganization of the executive branch. He is assisted by **Peter Petkas**, who was executive director of the Southern Regional Council.

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Executive Associate Director for Budget—W. Bowman Cutter, a Harvard whiz kid, summa, Rhodes, etc., was assistant to Katharine Graham at *The Washington Post*.

Deputy Director—James McIntyre runs the shop, a task that apparently doesn't interest Lance much. He will also be in charge of instituting zero-based budgeting, which he did under Carter in Georgia.

Associate Director for Human and Community Affairs—Suzanne Woolsey worked on federal and state programs for the Urban Institute.

Mrs. Carter's Staff

Press Secretary—Mary Finch Hoyt was a press aide to Eleanor McGovern and Jane Muskie, and worked at the Peace Corps with her present deputy, **Ann Anderson.**

Speechwriter—Coates Redmon is another former Peace Corps official.

Personal Assistant to Mrs. Carter—Madeline MacBean was an airline stewardess.

Personal Secretary to Mrs. Carter—Helen Dougherty, who is also in charge of correspondence.

White House Social Secretary—Gretchen Poston. Her assistant, **Victoria McHugh**, was Lyndon Johnson's personal secretary during his White House years. **Rick Hutto** is family appointments secretary.

AGRICULTURE

Secretary—Robert Selmer Bergland was a congressman from a rural district in Minnesota and a wheat farmer, and has managed to win the regard of consumer advocates who usually think of farmers as the enemy. He has already moved toward establishing a grain reserve to eliminate acreage allottments that no longer reflect present production patterns, toward increasing the amount of Food for Peace emergency aid to poor countries, and toward cleaning up the abuse of the food stamp program. He is also installing an inspector general so that he will not have to depend on journalists to find out about things like the grain inspection scandals.

Assistant Secretary for Food and Nutrition—Carol Foreman was executive director of the Consumer Federation of America.

Assistant Secretary for International Affairs and Commodity Programs—Dale Hathaway was director of the International Food Policy Research Institute.

Assistant Secretary for Conservation Research and Education—Rupert Cutler was professor of resources development at Michigan State University.

Assistant Secretary for Marketing Services—Robert Meyer was a California farmer.

Assistant Secretary for Rural Development—Alex Mercure was vice president for community affairs at the University of New Mexico.

Deputy Under Secretary—John White was commissioner of agriculture in Texas.

Director of Agricultural Economics—Howard Hjort was an aide in the Johnson administration and is known as the department's mastermind.

Inspector General—Norman Christeller was an early supporter of Carter and formerly held a GS-15 position in the Bureau of Standards. Inspector General is ostensibly a new civil service job. (probable)

COMMERCE

Secretary—Juanita M. Kreps was vice president and professor of economics at Duke, and has been a consultant to nine commissions and served on the boards of directors of the New York Stock Exchange, R.J. Reynolds, J.C. Penney, Eastman Kodak, Western Electric, and four other organizations. She is the first woman and the first economist to serve as Secretary of Commerce, which is now the least important of the cabinet departments.

Under Secretary—Sidney Harman is an innovative businessman who made his fortune in the high-fidelity business.

General Counsel—C.L. Haslam was general counsel of Duke University.

Assistant Secretary for Policy—Jerry J. Jasinowski was a senior research economist

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for the Joint Economic Committee.

Assistant Secretary for Economic Development—Robert T. Hall was staff director for the National Commission for Manpower Policy.

Assistant Secretary for Domestic and International Business—Frank A. Weil was a Wall Street broker with Paine, Webber, Jackson & Curtis.

Assistant Secretary for Science and Technology—Jordan Baruch was professor of business administration and engineering at Dartmouth College.

Assistant Secretary for Administration—Elsa A. Porter was chief of the Analysis and Development Division, Bureau of Personnel Management Evaluation, Civil Service Commission.

Deputy Under Secretary—Anne Wexler was a peace activist—McCarthy and McGovern—and associate publisher of *Rolling Stone*. She is married to Joseph Duffy, assistant secretary of state for educational and cultural affairs.

Director of Communications—Ernest Lotito was press secretary to Walter Mondale.

DEPARTMENT OF DEFENSE

Secretary—Harold Brown, in sheer mental ability, is a close second to Blumenthal among the members of the Cabinet. But his I.Q. didn't save him from participation in a good many of the errors (he thought bombing could make a difference in Vietnam) of the Kennedy-Johnson Defense Department, where he served as director of Defense Research and Engineering, and as Secretary of the Air Force. He is supposed to be a good administrator and people we like and respect like and respect him. Most recently, he has served as president of the California Institute of Technology and as a delegate to the strategic arms limitation talks, where he has often sided with the Arms Control and Disarmament Agency against the Defense Department.

Deputy Secretary of Defense—Charles W. Duncan, Jr. was president of Coca-Cola.

Director of Defense Research and Engineering—William J. Perry was president of ESL, Inc., an electronics research and development company.

Assistant Secretary for International Security Affairs—David McGiffert was Under Secretary of the Army under Johnson.

Assistant Secretary for Legislative Affairs—Jack L. Stempler was general counsel to the Air Force.

Assistant Secretary for Public Affairs—Thomas Ross was the *Chicago Sun-Times'* Washington bureau chief and wrote *The Invisible Government* with David Wise.

Deputy Assistant Secretary for International Security Affairs—Walter Solcombe was Morton Halperin's attorney in Halperin's wiretapping suit against Henry Kissinger.

Secretary of the Air Force—John Stetson was president of A.B. Dick Co., a duplicating and printing firm.

Secretary of the Army—Clifford Alexander is a veteran of the Johnson White House and the law firm of Arnold & Porter. He ran unsuccessfully for mayor of Washington.

Secretary of the Navy—W. Graham Clayton, Jr. was chairman of the Southern Railway Co.

Under Secretary—James Woolsey was a program analyst for the National Security Council and the Secretary of Defense and an advisor to the U.S. delegation to the SALT talks. At 35, he is the youngest ever to hold this office. He is married to Suzanne Woolsey, associate director of the Office of Management and Budget.

Assistant Secretary for Research and Development—David Mann was special assistant to the Chief of Naval Operations.

HEALTH, EDUCATION AND WELFARE

Secretary—Joseph Anthony Califano Jr., Robert McNamara says, "contributed more than any other individual to the conception, formulation, and implementation of the Great Society." Now he has to make it work. The challenge is not beyond his abilities. He was famed as one of the great technocratic managers of the Kennedy-Johnson era, serving first under Vance and McNamara at the Pentagon, then at the White House. Subsequently he practiced law at Arnold and Porter, from which he took a big client, Coca-Cola, to Edward

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Bennett Williams' firm, where he and Williams, between long lunches at fashionable restaurants with such friends as Art Buchwald and Ben Bradlee, managed to make twice as much money as any other lawyers in town, excluding Clark Clifford, of course. Everyone who knows Califano says he is dedicated to doing his new job well. How much his recent life style may have removed him from the world with which his department is supposed to deal remains to be seen.

Under Secretary—Hale Champion has the world's best resume. He was vice president for financial affairs at Harvard, and has been a high public official in the state of California and the city of Boston, a Neiman and Kennedy Fellow, and vice president of the University of Minnesota.

Special Assistant to the Secretary—Ben Heineman, Jr. was an associate in Califano's law firm and has been with the Center for Law and Social Policy.

Assistant Secretary for Legislation—Richard D. Warden was a political operative with the United Auto Workers.

Assistant Secretary for Planning and Evaluation—Henry J. Aaron was a HUD consultant, and has been an economics instructor at Harvard, a senior fellow at Brookings, and Assistant Secretary of the Treasury.

Assistant Secretary for Public Affairs—Eileen Shanahan was an economics reporter for *The New York Times.*

Assistant Secretary for Human Development—Arabella Martinez was a social worker and community organizer in Oakland, California.

General Counsel—Peter S. Libassi was president of the Greater Hartford Process, Inc.

Commissioner of Education—Ernest L. Boyer was chancellor of the State University of New York.

Deputy Commissioner of Education —John Ellis, a Republican, was superintendent of schools in Ohio.

HOUSING AND URBAN DEVELOPMENT

Secretary—Patricia Roberts Harris was impressive as chairman of the credentials committee at the 1972 Democratic national convention and in refusing to cave in to student demands during her brief tenure as dean of Howard Law School. "I didn't stop being the white man's nigger to become a black man's nigger," she said at the time. As a female and a black, her two-for-one aspect resulted in lots of honorary degrees and directorships, the latter including Chase Manhattan Bank, Scott Paper, and the National Bank of Washington, at which she knowlingly acquiesced in Tony Boyle's manipulation of the bank to defraud the United Mine Workers' pension fund. She has no experience or background in either housing or urban development.

Under Secretary—Jay Janis was the vice president of the University of Massachusetts.

General Counsel—Ruth T. Prokop was a Washington attorney for General Telephone and a HUD official under Johnson.

Assistant Secretary for Legislative Affairs—Harry K. Schwartz was a partner in the Philadelphia law firm of Dechert, Price, and Rhodes.

Assistant Secretary for Community Planning—Robert C. Embry, Jr. was Baltimore's housing commissioner.

Assistant Secretary for Housing Production and Mortgage Credit—Lawrence B. Simons was a New York builder.

Assistant Secretary for Fair Housing—Chester C. McGuire, Jr. was a businessman and professor of city and regional planning at Berkeley.

Assistant Secretary for Administration—William A. Medina was director of policy analysis and implementation at the Office of Management and Budget.

Assistant Secretary for Policy Development and Research—Donna E. Shalala was treasurer of the Municipal Assistance Corp. in New York and has been chairman of the politics and education program at Columbia's Teachers' College.

Assistant Secretary for Consumer Affairs —Geno Baroni is a Catholic priest who has been an advocate for low- and moderate-income ethnic city-dwellers.

General Manager, Community Development Corporation—William J. White was executive director of the Massachusetts Housing Finance Authority.

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INTERIOR

Secretary—Cecil D. Andrus was the first Democrat to be elected governor of Idaho in 24 years. As governor he proved to be a fiscal conservative and a pragmatic environmentalist who maintained good relations with both business and the Sierra Clubbers. In his first months at Interior he has been taking on the mining, oil, and other special interests that have dominated the Department for years. He has tried to stop timber companies from logging around Redwood National Park, advocated more competition in the energy business, supported anti-strip-mining legislation, and offended Western politicians, traditionally Interior's strongest supporters, by supporting Carter's cutback of water projects.

Under Secretary—James A. Joseph is the first black to serve in this position. He was vice president of Cummins Engine Co. and holds a divinity degree from Yale.

Deputy Under Secretary—Barbara Heller was with the Environmental Policy Center.

Director of the Office of Congressional and Legislative Affairs—Gary Catron handled legislative relations for Gov. Andrus in Idaho.

Assistant Secretary for Fish, Wildlife, and Parks—Robert Herbst was commissioner of the Minnesota Department of Natural Resources.

Assistant Secretary for Energy and Minerals—Joan M. Davenport was director of environmental assessment at the Federal Energy Administration.

Assistant Secretary for Land and Water Resources—Guy Martin was natural resources commissioner for Alaska.

Solicitor—Leo Kurlitz was vice president of Irwin Management and campaign manager for Cecil Andrus.

Special Assistant to the Secretary—Cynthia Wilson was with the Audubon Society.

JUSTICE

Attorney General—Griffin Boyette Bell grew up in Americus, Georgia, twelve miles from Plains, and has known Carter since boyhood. He reeks of cordial reasonableness and should be a great success when his role involves mediation. His endorsement of G. Harrold Carswell and his ruling against the seating of Julian Bond in the Georgia legislature were serious mistakes. His membership in segregated clubs was not nearly so disturbing as his obvious reluctance to give up the high-society connections they represented. Did he surrender his seat on the Circuit Court of Appeals out of a desire to make more money or out of boredom? If the latter is the case, we can have hope.

Deputy Attorney General—Peter Flaherty was mayor of Pittsburgh and an early Carter supporter.

Solicitor General—Wade Hampton McCree was a federal appeals judge in Detroit.

Assistant Attorney General for Legislative Affairs—Patricia M. Wald was director of litigation for the Mental Health Law Project.

Assistant Attorney General for the Civil Division—Barbara Babcock was a professor of law at Stanford.

Assistant Attorney General for the Criminal Division—Benjamin R. Civiletti was an assistant U.S. attorney in Maryland.

Assistant Attorney General for the Tax Division—M. Carr Ferguson was a law professor at New York University.

Assistant Attorney General for the Civil Rights Division—Drew Saunders Days III is the first black to head a division of the Justice Department. He was assistant counsel for the NAACP Legal Defense and Education Fund.

Assistant Attorney General for Improvements in the Administration of Justice—Daniel J. Meador was a law professor at the University of Virginia and dean of the University of Alabama Law School.

Associate Attorney General—Michael J. Egan is a Georgia lawyer who will give advice on the appointments of federal judges and U.S. attorneys.

Commissioner of Immigration and Naturalization—Leonel Castillo was a Peace Corps volunteer and comptroller of Houston, Texas.

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LABOR

Secretary—Freddie Ray Marshall was professor of labor economics at the University of Texas. George Meany calls him "one of the few American professors who understands working people." He grew up in an orphanage and served as an enlisted man in the Navy during World War II. A southern white who fought segregation, he has been active in promoting minority employment programs. He is likely to emphasize public service jobs as a means of reducing unemployment. At Texas, he was chairman of his department for a time and the word is that he was not good at administration. They're saying the same thing at Labor. It's too bad, because a lot of Labor's programs are in a mess.

Executive Assistant—Paul Jensen was director of the Carter-Mondale Labor Department transition group. He was also director of the Democratic platform committee.

Under Secretary—Robert Brown is a career civil servant and old friend of Marshall's.

Deputy Under Secretary for International Labor Affairs—Howard Samuels was vice president of Clothing and Textiles Workers Amalgamated.

Deputy Under Secretary for Economic Policy Review—Peter Henle was senior specialist in labor for Congressional Research Services.

Deputy Under Secretary for Legislative Affairs—Nick Edes was special counsel to the Senate Labor and Public Welfare Committee.

Solicitor—Carin Ann Clauss was associate solicitor for the Fair Labor Standards Division of the Labor Department.

Assistant Secretary for Policy, Evaluation, and Research—Arnold Packer was chief economist for the Senate Budget Committee.

Assistant Secretary for Employment and Training—Ernest G. Green was executive director of Recruitment and Training, Inc. in New York, and one of the nine blacks who integrated Little Rock's high schools in 1957. He did graduate work in sociology at Michigan State University.

Assistant Secretary for Occupational Safety and Health—Eula Bingham was associate director of the Department of Environmental Health at the University of Cincinnati School of Medicine.

Assistant Secretary for Labor-Management Relations—Francis X. Burkhardt was research director of the International Brotherhood of Painters and Allied Trades.

Assistant Secretary for Employment Standards—Donald Elisburg was general counsel for the Senate Committee on Labor and Public Welfare.

Head of the Women's Bureau—Alexis M. Herman was director of a minority women's employment program in Atlanta.

STATE

Secretary—Cyrus Roberts Vance was described by Leslie H. Gelb in *The New York Times* as "solid, a healer, a liberal-moderate Democrat who strongly favors detente with the Soviet Union and arms control, a skilled negotiator who used no gimmicks, cautious and self-effacing, a realist who worked within a consensus but who has a streak of moral idealism." This got Gelb a job at the State Department and is probably true as well. What's wrong with Vance is that capable as he is, he went along with Johnson on Vietnam until 1968, when everyone was jumping ship. If Carter has the right broad vision, Vance could be a great Secretary of State. It is unlikely he can do it on his own.

Deputy Secretary—Warren Christopher was Deputy Attorney General under Johnson. A corporate lawyer from Los Angeles, he has no State Department experience.

Under Secretary for Security Assistance —Lucy Benson has been president of the League of Women voters.

Under Secretary for Economic Affairs—Richard Cooper was a Yale economist and is a veteran member of the foreign policy establishment.

Deputy Under Secretary for Manage-

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ment—**Richard Moose** was staff director of the Foreign Assistance Subcommittee of the Senate Foreign Relations Committee. He has served on the National Security Council staff.

Assistant Secretary for Congressional Relations—Douglas J. Bennet, Jr. was staff director of the Senate Budget Committee and has been administrative assistant to Senators Thomas Eagleton and Abraham Ribicoff.

Assistant Secretary for Inter-American Affairs—Terence A. Todman was U.S. Ambassador to Costa Rica. He is a career foreign service officer.

Assistant Secretary for East Asian and Pacific Affairs—Richard C. Holbrooke was managing editor of *Foreign Policy* and has been a foreign service officer.

Assistant Secretary for Educational and Cultural Affairs—Joseph Duffy was a peace candidate for Senate in 1970 and has been national chairman of Americans for Democratic Action. He is married to Ann Wexler, Deputy Under Secretary of Commerce.

Assistant Secretary for International Organizational Affairs—C. William Maynes was secretary of the Carnegie Endowment for International Peace.

Assistant Secretary for Public Affairs—Hodding Carter was publisher of the *Delta Democrat-Times*, in Greenville, Mississippi, and a prominent liberal in local politics. He was a member of the Carter campaign staff.

Assistant Secretary for Ocean and International Environmental and Scientific Affairs—Patsy Mink was a congresswoman from Hawaii.

Counselor of the State Department—Matthew Nimetz was Commissioner of the Port Authority of New York.

Legal Advisor—Herbert J. Hansell was a partner in Jones, Reavis & Pogue in Cleveland.

Coordinator for Humanitarian Affairs—Patricia Derian was a leader, with Hodding Carter, of liberal Democratic reform politics in Mississippi.

Chief of Protocol—Evan DoBelle was the mayor of Pittsfield, Massachusetts and has been commissioner of environmental managment for Massachusetts.

Director of Policy Planning Staff—Anthony Lake was on Kissinger's White House staff and quit over the Cambodia bombing in 1970. He has been a foreign service officer and directed the Carter transition staff for the State Department.

American Ambassador to the Organization of American States—Gale McGee was a senator from Wyoming before losing his seat last year to Malcolm Wallop.

Deputy U.S. Representative to the United Nations—James F. Leonard, Jr. was assistant director of international relations for the Arms Control and Development Agency.

U.S. Representative to the United Nations Security Council—Donald H. Mettenry was director of humanitarian policy studies at the Carnegie Endowment for International Peace.

Panama Canal Negotiator—Sol Linowitz was ambassador to the Organization of American States.

Ambassador to Mexico—Patrick J. Lucey was governor of Wisconsin.

Ambassador to the United Kingdom—Kingman Brewster was president of Yale University.

Ambassador to India—Robert F. Goheen has been president of Princeton University.

Ambassador to Japan—Mike Mansfield was Senate Majority Leader from 1961 to 1976.

Ambassador to Australia—Philip H. Alston is an Atlanta lawyer.

Ambassador to Belgium—Anne Cox Chambers is the chairman of Cox Enterprises, a publishing company in Atlanta.

Ambassador to Kenya—Wilbert J. LeMelle was a Ford Foundation executive.

Ambassador to Iran—William H. Sullivan was ambassador to the Phillipines.

Ambassador to Pakistan—George S. Vest was Kissinger's first chief spokesman at the State Department and was director of the department's Bureau of Political and Military Affairs.

Ambassador to Lebanon—Richard Parker is a career foreign service officer.

Ambassador to Italy—Richard Gardner was a law professor at Columbia University and an early Carter supporter.

Ambassador to Yugoslavia—Lawrence S. Eagleburger was the State Department's

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Deputy Under Secretary for Management under Kissinger.

Ambassador to Israel—Samuel W. Lewis is a career foreign service officer.

TRANSPORTATION

Secretary—Brockman Adams was a respected representative from Washington who played a major role in the reform of congressional budget procedures. He is liked, perhaps too much, by the railroads, the airlines, and the trucking industry. The White House fears he is thinking more about running for the Senate (Magnuson's seat) than about being secretary.

Deputy Secretary—Alan Butchman was Adams' administrative assistant on the Hill.

General Counsel—Linda Heller Kamm was general counsel for the House Budget Committee.

Assistant Secretary for Congressional and Inter-governmental Affairs—Terrence Bracy was on Representative Morris Udall's staff.

Assistant Secretary for Policy, Plans and Inter-governmental Affairs—Chester Davenport is a black lawyer from Georgia.

Administrator of the Federal Aviation Administration—Langhorne Bond was a Johnson administration transportation official.

Deputy Administrator—Quentin Taylor was the FAA's regional director for New England.

Administrator of the National Highway Traffic and Safety Administration—Joan Claybrook was director of Ralph Nader's Public Citizens' Congress Watch.

Assistant to the Secretary and Director of Public Information—David A. Jewell was a reporter for *The Washington Post*. He is a Canadian citizen.

Federal Highway Administrator—William M. Cox is the first administrator to come from the trucking industry.

TREASURY

Secretary—W. Michael Blumenthal grew up in one of the classic survival-of-the-fittest settings—war-time Shanghai. He is a former head of the Bendix Corporation who served in the Kennedy-Johnson administration and taught economics at Princeton. He is the most brilliant of the cabinet members and he and his deputy, Robert Carswell, constitute the most competent team in the government. The problem is that they are both conservative in the modern pro-business sense. Real tax reform—abolishing the capital gains tax except for investment in new plants or new enterprises, for example—will not come from them, because Wall Street wouldn't like it, even though real entrepreneurs would. Any hope that Blumenthal would be interested in genuine tax reform should have been shattered by his testimony, as reported by *The New York Times*, before the Senate Government Affairs Subcommittee on a proposed sunset law:

"Mr. Blumenthal's main objection to the legislation was that it would include so-called tax expenditures in the sunset provisions. Tax expenditures are revenue losses resulting from laws that grant special tax relief to certain taxpayers. The deduction on mortgage interest payments and the reduced tax rate on capital gains are examples.

"The Treasury Secretary said that periodic review of such laws would be extremely difficult and cumbersome and could have 'unintended economic impacts.' "

Deputy Secretary—Robert Carswell was with the law firm Shearman & Sterling and president of the NYC bar. He is a quiet, very able Establishment figure.

Under Secretary—Bette Anderson was a vice president of Citizens and Southern National Bank of Savannah.

Under Secretary for Monetary Affairs—Anthony Solomon was a consultant to the Council on International Economic Policy.

Commissioner of the IRS—Jerome Kurtz is a Philadelphia tax lawyer who was counsel for tax legislation at the Treasury Department from 1966 to 1968.

Assistant Secretary for International Affairs—C. Fred Bergsten was a senior fellow in foreign economic policy at Brookings.

Assistant Secretary for Legislative Affairs—Gene Godley was administrative

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assistant to Senator Thomas Eagleton and director of the Mondale advance operation. He is married to Betsy Godley, associate director of the White House's personnel office.

Assistant Secretary for Tax Policy—Laurence N. Woodworth was staff director of the Joint Committee on Internal Revenue Taxation.

Assistant Secretary for Economic Affairs—Daniel H. Brill was a Maryland credit company executive and has been an economist for the Bureau of Labor Statistics and SEC.

Assistant Secretary for Capital Markets and Debt Management—Roger C. Altman is a New York City investment banker.

Assistant Secretary for Administration—William J. Beckman, Jr. was deputy mayor of Detroit.

Special Assistant to the Secretary for Public Affairs—Joseph Laitin has been a government public affairs officer since the Kennedy administration.

Deputy Assistant Secretary for Tax Policy—Emil M. Sunley, Jr. was a Brookings tax specialist.

AGENCIES AND COMMISSIONS

ACTION:

Director—Sam Brown was state treasurer of Colorado and a leader of the peace movement in the late sixties.

Deputy Director—Mary King was president of Mary King Associates, Inc., a management consulting firm, and has worked for the Office of Economic Opportunity and the Carter campaign. She is married to Peter Bourne, Carter's special assistant for mental health.

Agency for International Development:

Administrator—John J. Gilligan was elected govenor of Ohio in 1970 after serving six years in Congress, where he was a member of the Committee on Interstate and Foreign Commerce. Most recently he has been a fellow at the Woodrow Wilson International Center for Scholars in Washington. The only foreign affairs initiative mentioned in the AID press release announcing his appointment is that "he was instrumental in a State Department-sponsored overseas tour of the Cincinnati symphony." But Jimmy Carter says that of all his fellow governors elected in 1970, Gilligan was "the best one in dealing with complicated subjects, demonstrating superb management capabilities and having sensitivity about the needs of human beings."

Arms Control and Disarmament Agency:

Director—Paul C. Warnke was an Assistant Secretary of Defense during the Johnson administration, and then practiced law in Clark Clifford's Washington firm. While certainly not an anti-Establishment figure, he is in the Establishment's liberal wing. His "soft" views on disarmament earned him a tough confirmation fight.

Central Intelligence Agency

Director—Stansfield Turner went from first in Jimmy Carter's class at Annapolis to commander of the NATO Mediterranean Fleet. He's been a winner all the way. But the boys out at Langley kept another admiral named Raborn from finding out what was going on and they may do the same to Turner.

Deputy Directors—Robert R. Bowie for national intelligence, **E. Henry Knoche** for Central Intelligence, and **Admiral Daniel J. Murphy** for the intelligence community.

Civil Service Commission:

Chairman—Alan K. Campbell was dean of the Maxwell School at Syracuse University and has been dean of the LBJ School at the University of Texas.

Commissioner—Jule Sugarman was city manager of Atlanta, and has been a human resources administrator in New York, an architect of Head Start, and acting chief of the Children's Bureau of HEW.

Council on Environmental Quality:

Chairman—Charles Hugh Warren is a lawyer and was a member of the California general assembly.

Member—Gus Speth was a litigator for the Natural Resource Defense Council.

Equal Employment Opportunity Commission:

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Chairman—Eleanor Holmes Norton was head of the New York City Human Rights Commission.

Environmental Protection Agency:

Administrator—Douglas Costle was assistant director of the Congressional Budget Office and has been Connecticut's environmental protection commissioner.

Deputy Administrator—Barbara Blum worked for the Carter campaign and was an active environmentalist in Georgia.

Export-Import Bank:

President and Chairman—John L. Moore, Jr. drafted Carter's conflict-of-interest guidelines. He was with the law firm of Alston, Miller and Gaines in Atlanta.

Federal Energy Administration:

Administrator—John O'Leary was director of the Bureau of Mines under Lyndon Johnson and director of licensing for the Atomic Energy Commission.

Deputy Administrator—David J. Bardin was commissioner of the New Jersey Department of Environmental Protection.

Federal Trade Commission:

Chairman—Michael Pertschuk was chief counsel of the Senate Commerce Committee under Warren Magnuson. He has pledged to eliminate the revolving door between regulatory service and private practice by never appearing before the FTC as a lawyer. He has also said he will refuse to accept speaking engagments that merely improve the access of special groups. He is a relative innocent in the field of anti-trust, but promises to be vigorous in fighting misleading advertising. Ralph Nader says he is a "first-rate appointment," and the big Washington law firms concede he is reasonable.

Interstate Commerce Commission:

Chairman—Daniel O'Neal, Carter's choice as chairman, was originally named to the ICC by Nixon after serving on the staff of Senator Warren Magnuson and of the Senate Commerce Committee. He dissented from a recent ICC decision approving higher bus fares but is against opening up the trucking industry to free entry. He is, then, a regulator who leans slightly toward the consumer but mostly toward the need for regulation.

Securities and Exchange Commission:

Chairman—Harold N. Williams was dean of the graduate school of management at UCLA, and has been president of Hunt Foods, and chairman of Norton Simon, Inc. While he says that he doesn't intend to do anything drastic because "the commission has been assessed by those who know as the best in Washington," William Proxmire, the liberal chairman of the Senate Banking Committee, calls him "a brilliant choice," and there is plenty of evidence that he is not innocent about the sins of big business. He says; "One on my former colleagues used to suggest that the way to handle boards [of directors] is to treat them like mushrooms. Keep them in the dark, water them well, and cover them with horse manure." His stand on bribery may give pause to the less righteous: "Corruption—whether it involves bribes to secure overseas contracts, illegal contributions to political candidates at home, or hampering the efficient function of the market place—results in higher prices, lessened responsiveness to the consumer, and lower quality of goods and services." One fact about him to hearten all businessmen, good guys and bad guys alike, is that he is convinced that "something needs to happen to tax policy, among other things, so that we can rebuild our capital base."

Small Business Administration:

Director—A. Vernon Weaver was an insurance executive in Little Rock, Arkansas.

United States Information Agency:

Director—John E. Reinhardt was Assistant Secretary of State for Public Affairs under Ford. He is the second black to head USIA and the first director to have come up through the career ranks. Unfortunately, this means that he belives in the agency. Actually, beyond its radio broadcasts to people who otherwise lack access to free opinion, it is useless and should be abolished.

Veterans Administration:

Administrator—Max Cleland was on the staff of the Senate Committee on Veterans' Affairs and has been a Georgia state legislator. This triple amputee is, at 34, the V.A.'s youngest administrator. He needs the energy of youth because the V.A. is a mess, or, as Richard Halloran of *The New York Times* put it, "the grayest and most faceless" of all the bureaucracies in Washington, "cumbersome, inefficient and staffed with indifferent time-servers" who seem dedicated to ignoring the problems of the Vietnam veteran.

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Tidbits and Outrages

Doors are Complex, See

The West Virginia House of Delegates has 12 doorkeepers. There are nine doors to its chamber.

Ready, Willing. . .

Les Aspin, the Wisconsin Democrat who does such a good job of keeping the military on its toes, recently found another Pentagon outrage, according to the AP:

"Rep. Les Aspin has charged that some Army reports doctored weekly status reports to cover up deficiencies in the combat readiness of their equipment.

"The Army immediately denied the accusation.

"The Wisconsin Democrat said in a statement yesterday that reports sent monthly to the Pentagon by some units showed marked improvement in combat ready status than the brigade-level reports prepared the week before and the week after.

"He cited one unit of the 1st Cavalry Division that shot up from a 68 per cent readiness to 90 per cent the week the report went to the Pentagon, then fell to 63 and 58 per cent the following two weeks when the readiness reports stayed at brigade level.

"A week later, Aspin said, the unit's readiness status jumped to 90 per cent when the reports were scheduled to be sent up to the chain of command again.

"Aspin said one unit reported three pieces of equipment were inoperable, and then deleted the report by having them crossed out. He said that was the week in which the unit received a top rating for its equipment, but that same equipment was inoperable in both the preceding and following weeks.

"The Wisconsin Democrat cited the name of Lt. Gen. Frederick J. Kroesen, who was commander of VII Corps in Stuttgart, Germany, last fall, as exhorting his officers to 'continue to peak for report . . . . '

"Aspin said this indicated deception and 'there is one clear reason for encouraging such deception—the general wanted another star.' "

. . .And Able

If this suggests that things aren't in very good shape, here's another AP report to cheer you up:

"Sen. John Culver said yesterday that U.S. military forces 'are in a shocking state of combat readiness' and that 'on any given day only about half our combat aircraft are operationally ready to perform their missions.'

"The Iowa Democrat also declared that 'only about half our ships are operationally ready at any time.'

"Culver made his comments in a report to the Senate Armed Services Committee on the basis of inspections at 12 military installations in December.

"Culver charged that some maintenance personnel report spending a third to half their time switching parts from one aircraft to another to get them ready for flight. Last year, Culver said, an average of about 25 per cent of the Navy's aircraft was grounded by lack of spare parts. Also he said, the Air Force 'cannibalization' rate has doubled in the past three years.

" 'It adds little to deterrence to have exotic new weapons on the drawing boards when large numbers of our current planes, tanks, and ships cannot be relied upon today,' he said.

"Culver made a number of recommendations to 'improve our combat readiness now.' He proposed slowing down purchases of advanced new weapons systems until existing equipment is fully operational, refraining from diverting military supplies to foreign sales while U.S. armed forces are shorted, and increasing flight training hours and live firings of weapons. He said increasing costs have reduced training 'to the point that few soldiers, sailors, and airmen actually get to fire the weapons assigned to them, or with sufficient frequency to develop proficiency."

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Ts & Os

Annals of Justice

For the sexual reactionaries among our readers, we have unearthed the following opinion of the Illinois Supreme Court, written in 1872, refusing to grant a woman a license to practice law:

"... civil law, as well as nature herself, has always recognized a wide difference in the respective spheres and destinies of man and woman. Man is, or should be, woman's protector and defender. The natural and proper timidity and delicacy which belongs to the female sex evidently unfits it for many of the occupations of civil life. The constitution of the family organization, which is founded in the divine ordinance, as well as in the nature of things, indicates the domestic sphere as that which properly belongs to the domain and functions of womanhood. The harmony, not to say identity, of interests and views which belong, or should belong, to the family institution is repugnant to the idea of a woman adopting a distinct and independent career from that of her husband.

"It is true that many women are unmarried and not affected by any of the duties, complications, and incapacities arising out of the married state, but these are exceptions to the general rule. The paramount destiny and mission of woman is to fulfill the noble and benign offices of wife and mother."

You Save a Little Here, You Spend a Little There

If you've been impressed by the austerity of the Carter White House, you might ponder the fact that while it was canceling newspaper subscriptions, it was also, according to John Cramer of *The Washington Star*, spending $330,000 to quiet the air conditioning in ten presidential helicopters.

How to Keep a Fire Going

One of Washington's worst problems is its lack of awareness of the way its rules affect the operation of programs around the country. Washington reporters, by focusing on the city's intramural life, seldom do anything to help meet the problem. An exception is this report by Ken Ringle of *The Washington Post*, from the Dismal Swamp National Wildlife Refuge:

"When fire breaks out in the forested peat bogs the rangers can't just call the nearest fire department. They must notify the U.S. Fish and Wildlife Headquarters in Boise, Idaho, which in turn must notify the North Carolina Division of Forest Resources in Raleigh, which in turn will decide how many firefighters and how much equipment to dispatch from there to battle the swamp fire in Virginia.

"If the refuge manager decides some trees must be cut, a field must be burned, or some deer must be shot for the welfare of the swamp ecosystem as a whole, he can't just order it done. He must prepare an environmental impact statement on every aspect of the proposed action—a statement that may cost thousands of tax dollars and take six months to prepare—and get it approved in Washington by someone who may never have seen the swamp.

"If a government biologist needs an aerial photo of the swamp taken 33 years ago to gauge tree growth since 1944, he can't just have one sent down from Washington; all aerial photos of the region taken between 1938 and 1945 are still classified under World War II regulations."

Absent Friends

An Atlanta law firm recently sent out this announcement:

POWELL, GOLDSTEIN, FRAZER & MURPHY

ANNOUNCE THAT

STUART E. EIZENSTAT

HAS WITHDRAWN AS A MEMBER OF THE FIRM TO BECOME

ASSISTANT TO

THE PRESIDENT OF THE UNITED STATES

FOR

DOMESTIC AFFAIRS AND POLICY

The announcement proceeds not to say, if you want to get in touch with Stu here's his address, but to list the names of the 32 members of the firm and to give *their* address.

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Grassroots Politics

We so often condemn federal officials for not showing sufficient concern for the citizens out there in the hinterlands that we feel obligated to recognize those exceptional Washington bureaucrats who do get out of the conference room and into the provinces. Recently, officials from the Office of the Federal Register traveled all the way to Honolulu to hold a three-hour workshop on how to use the *Federal Register*.

Another Generation Bites the Dust

If we occasionally appear to rail excessively against the materialism of American youth, evidence that our spleen has at least some realistic basis comes from a recent ad for *Playboy*, which reads in part:

"**Good News for American Business:**
"Today's young men are getting richer, quicker.
"Some didn't hold out much hope for them a few years ago.
"Rioting. Burning draft cards. Tearing up campuses. Pot. Painted vans. Beards and long hair.
"They wouldn't listen because they *had* listened. And heard it all before. Up through generations, what they saw as an endless trip of hypocrisy, falseness and blurred values.
"What they were saying was, 'You listen. It's not going to be this way anymore!' And it hasn't been.

"**Retired Young Rebels for Hire**
"Which brings us to the relatively quiet 70's.
"Where did all the energy go? All that drive that brought on the most explosive decade in modern history.
"It's still there. But it's been redirected. Toward making up for lost time. Toward making up for all the things that were given up in the 60's.
" 'The new materialists' Yankelovich calls this new breed.
"Ira Madris, one of the new breed, puts it this way. 'I'll start saving someday, but right now I'm into a lot of things that take money.'
"His friends say the same thing, differently.
" 'I figure if I buy it, I'll find a way to pay for it. So I buy it.'
" 'I spend more than I make, but that's OK because I'm making it.'
" 'I'm very price conscious. I stay away from cheap.'
"The point is, they don't mind spending because they're going straight to where the money is.
"This under-35 generation includes the fastest-advancing, highest-paid group of young managers ever to hit American business.
"And they're doing just as well in the professions.
"Today, a young lawyer, fresh from his bar exams, starts out at $25,000 in some of the more prestigious New York law firms.
"And it's that way across the board. M.A.s, M.B.A.s, Ph.D.s—they're getting more faster.
"They're spending as though they believe there's no end to it. They're going into hock because there's nothing to hold them back. No big families yet. No big mortgages. No worry about a rainy day.
"And their spending isn't as frivolous as you might think.
"As a group, today's young adult males already own $27 billion in securities. $64 billion in life insurance. Last year alone they spent $16 billion on new cars and $2.2 billion on new clothes.
"Hedonistic? Perhaps. Optimistic? Definitely.
"We think it's the most vital, alive group of prospects American business has been blessed with since the post-World War II boom."

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The International Monetary Fund: Doing Well and Doing Good

by Tom Bethell

Readers may recall the scene in Tom Wolfe's *Mau-Mauing The Flak Catchers*, in which a group of blacks, Chicanos, Filipinos, and Samoans go downtown to the poverty office to give the front-line bureaucrats a hard time:

" 'Hey, Brudda,' the main man says. He has a really heavy accent. 'Hey, Brudda, how much do you make?' 'Me?' says the Flak Catcher. 'How much do I make?'

" 'Yeah, Brudda, you. How much money you make?'

"Now the man is trying to think in eight directions at once. He tries out a new smile. He tries it out on the bloods, the Chicanos, the Filipinos, as if to say, 'As one intelligent creature to another what do you do with dumb people like this?' But all he gets is the glares . . . .

" 'Well,' says the Flak Catcher, 'I make $1,100 a month.'

" 'How come you make so much?'

" 'Wellllll'—the grin, the last bid for clemency . . . ."

It is a scene that is hard to imagine in those remote, 12th floor aeries where international civil servants sit pondering the problems of the world behind a safe barrier of secretaries, outer offices, carpeted anterooms, and upraised copies of *The London Financial Times*.

And here we encounter one of the less publicized laws of government: As you move up the hierarchy of governments, from local to state to federal, and then higher still to the quasi-governments of the international institutions, the prestige increases, the pay increases, and the problems that government ostensibly sets out to solve become more remote, more invisible, more abstract, more intangible. But, as we shall see, this sometimes has its uses.

This increased remoteness is of course true in the most literal way.

Tom Bethell is a contributing editor of The Washington Monthly.

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The Flak Catcher in the San Francisco poverty program has an office within walking distance of the ghetto, if not actually in it. When huge Samoans come swinging in through the doors, beating their Tiki sticks on the floor in unison, it becomes much harder to talk away the problem. "That's the last time that sucker is gonna try to *urban-factor* and *pre-fund* and *fixed-asset* with us," the Mau-Mauers conclude as they depart.

But if he makes his way to Washington the Flak Catcher will disappear into Federal Building Number Four, with a guard at the door, and he will catch flak no more. He can now begin to relish the luxury of solving problems from a distance. The view from his office window is of the Mall. Photographs of his children are on his desk. A plaque on the wall reminds him who he is. And the problem that he has to solve is not a contingent from the ghetto but the piece of paper that is uppermost on his desk. Thus the problems of government are converted into abstractions.

This is true to an even greater degree when you enter the august realm of the international civil servant. His headquarters are likely to be in Washington or Manhattan or Geneva or Strasbourg or Paris; but at any rate somewhere pleasant. They are not hardship posts. The international bureaucracies do not convene in Calcutta.

There are many international institutions. Or, as they are sometimes called, multi*lateral* institutions. Please note, *not* multinational. That is corporate and wicked. There is a large rhetorical difference between multilateral and multinational, the latter (which labor to keep money out of the ever-expanding public sector) having been subjected to a hostile media campaign. But the multilaterals remain comfortably obscure, anonymous—although numerous. The State Department last year sent representatives to over 600 meetings of multilateral organizations, for example.

There's the GATT—the General Agreement on Tariffs and Trade. That one meets in Geneva. The Law of the Sea, "within the U.N. framework," I was told; and of course the United Nations itself. The International Development Agency—they make something called "soft loans" (which may not be paid back) to poor countries, the Organization for Economic Cooperation and Development, the Organization of American States, the International Bank for Reconstruction and Development (i.e., the World Bank, presided over by Robert S. McNamara), the European Economic Community (or, the Common Market), and many others.

But let us pay a visit to the International Monetary Fund, its headquarters in Washington, just off Pennsylvania Avenue, a few blocks from the White House. There is no doubt that it is the foremost jewel in the multilateral crown. The large building that houses it looks like any other granite governmental redoubt from the outside, but step inside and you are in an environment approximately resembling the Atlanta Regency Hyatt House, although at the IMF they don't have external elevators. But there is a 13-story enclosed courtyard, surrounded by one million square feet of office space. It cost $42 million.

The IMF has only 1,400 employees. Thus it is admired for its leanness, its capacity to withstand the usual bureaucratic pressures to expand (in contrast to the World Bank, which has quadrupled both its loans and its employees since McNamara took over in 1968).

Just inside the IMF entrance there is a sign announcing a forthcoming concert by the "Bank-Fund Chamber Music Performers." You are inside this soaring, spacious *environment* (many of the windows facing out onto the courtyard have tropical greenery, foliage, and tendrils dangling outside, creating the atmosphere of a resort). Someone is dusting and washing a rubber tree, leaf by leaf. Well-tailored

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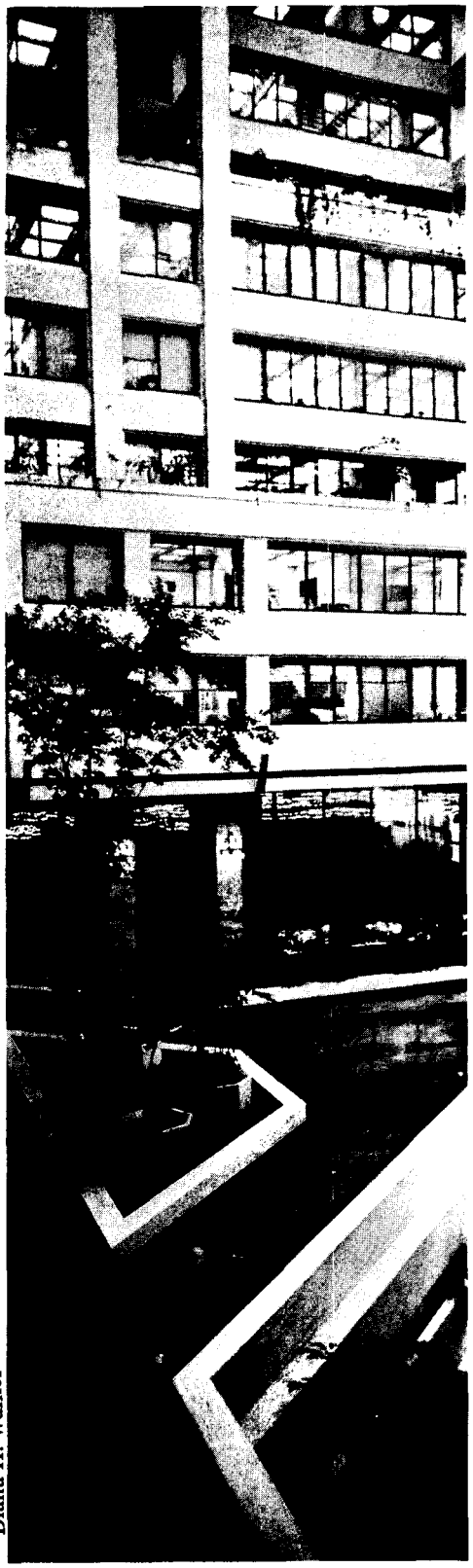

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managers of mysterious international money stroll in and out for lunch in a cloud of cologne and continental perfume.

I had already paid a visit to the IMF's public information office a day or two earlier. It is presided over by Jay Reid, whose job, I was told by a journalist who covers the financial beat, "is basically to make sure that nothing appears in the papers."

"The Fund is in the midst of an amendment process of its articles of agreement," Reid told me. "It's difficult to write about the Fund while it's in flux." He asked me if I had any expertise in international finance and seemed quite reassured when I said I did not.

Now I was to have lunch at the IMF's terrace dining room with an employee who promised to be more imformative.

He took me to a table with white linen, heavy silver, and a sharp pencil beside the plate with which to mark the items of your choice on the menu. I was torn between Egg a la Russe, 50 cents, smoked salmon, 70 cents, and Le Pate de Foie de Strasbourg, 60 cents, finally settling for the latter, followed by Casserole de Saumon Parisienne, $3.15. A nearly invisible waiter took our orders and disappeared. When he had gone I asked my friend if he could give me a general outline of the IMF's activities.

"Wellllll," he said, "I'm not sure I can answer all your questions."

I was reminded of a comment imputed to a "very high official" of the World Bank, which is across the street from the IMF. This very high official gestured across to the IMF and said, "Doesn't *any*one here know what they do at the IMF?" He paused for a moment and said, "Well, that's not surprising, they don't know what they're supposed to be doing themselves."

Anyway, in 1971 the IMF underwent the most serious crisis that can befall any bureacracy. The ostensible purpose for which it was set up was, almost overnight, taken away. It was

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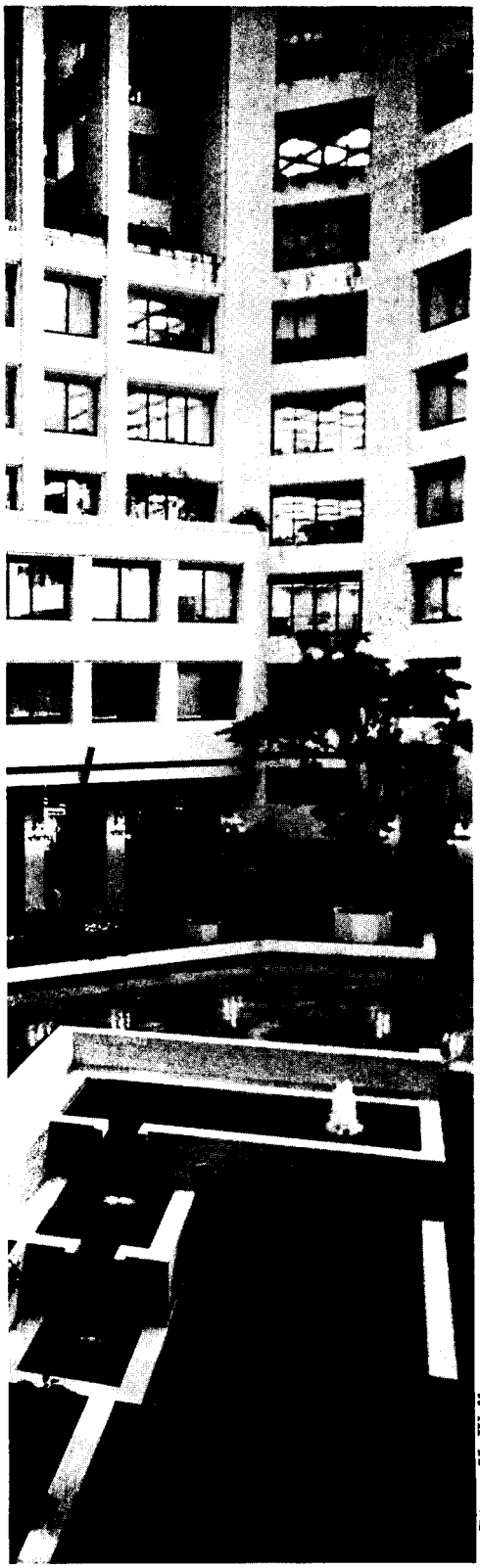
deprived of its main function. A year *later* its grandiose new building was completed, however, and it is not known that anyone lost his job. But the guidelines are being rewritten, as Reid told me. The IMF was set up in 1946 to maintain international currencies at fixed rates relative to the dollar, and the dollar at a fixed rate in relation to gold. But in 1971 the United States stopped converting dollars into gold, and after that foreign currencies began to "float" in relation to the dollar (and to one another).

What, then, was the IMF's function until 1971? That is easy to explain. The fixed exchange rates of the international currencies can be visualized as piles of money—marks, shillings, francs—which rise to a certain height in comparison to the dollar. However, in the course of foreign trade these relative heights continually get slightly out of line as, say, one country imports more than it exports, or as one country's inflation rate increases faster than another's. So the International Monetary Fund consisted of a pool of different foreign currencies (to which all member countries had contributed at the inception of the Fund) that would be shifted about from one money pile to another, to maintain them at the "par" values agreed upon. Thus the IMF's employees had a job to do. They were continually carrying cash about from one pile to the next, making sure that everything was as agreed upon at that famous conference at Bretton Woods in 1944 (masterminded by John Maynard Keynes), when it was concluded that unilateral actions by governments (specifically, competitive devaluations, to make exports cheaper) had been an important factor in the 1930s depression, and should ever after be avoided.

Then came the horrible day in 1971 when the U.S. suspended the convertibility of gold, followed shortly thereafter by first one, and then a second devaluation of the dollar. Thus the U.S. broke with the



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Bretton Woods agreement, and here we immediately see the major shortcoming of all multilateral institutions. The member country will agree to the multilateral rules only so long as it is in the country's interest to do so. Nationalism *always* takes precedence over internationalism, a fact of life that perennially works to make such institutions as the UN and the European Community, as well as the IMF, monuments attesting primarily to human optimism rather than realism.

Be that as it may, following the breaking of the IMF's rules by the United States, the other foreign currencies inevitably began to "float" in relation to the dollar. That is, their value was not fixed by agreement, but by the market, with every buyer and seller trying to get the best price he could. Thus the piles of money were now "floating," and bobbing up and down quite happily in relation to one another. Question: Did this not deprive the cash-carriers at the IMF of their main function?

"Not really," my friend said. "There is a need for institutions like the Fund to provide financing for countries to get their balance of payments under reasonable control. Let me try to explain the Fund. It is a *fund* in that its 130 member countries made a contribution when they joined. This is called their *quota*. If a country runs into trouble, instead of adopting a policy harmful to the rest of the world it goes to the IMF and gets a loan. How much can it borrow? The Fund calls this *purchasing*, by the way, not borrowing, and when you repay the loan, that is *repurchasing*. These little linguistic mannerisms don't make it any easier to understand the Fund, I must admit. Well, you can borrow various multiples of your quota under varying degrees of conditionality.

"For example, Britain borrowed the maximum amount allowable—225 per cent of its quota, and this means it is into its fourth *tranche*, but we'll skip tranches. They really get complicated."

I happened to look up from my Saumon Parisienne at this moment and noticed that windows were being opened high up across the courtyard and a hand emerging to fluff up the tendrils and foliage and spray them with water. The window would close and the next window would open. It momentarily distracted me from tranches.

"Now take the business of floating exchange rates," my friend was saying. "All right, suppose the loan to Britain had not taken place. Just let the pound sink lower in value in relation to the other currencies. It is true this might be self-correcting in the long run. Exports would increase because British goods would now be cheaper, but imports would become more expensive, which fuels inflation and makes the currency more volatile, not more stable. So when exchange rates are floating, it is better to keep them as steady as possible by using the pool of international currencies at the disposal of the IMF to borrow—or "purchase"—from.

"Admittedly, we do run into a problem here, however, because if certain currencies are weak, or soft, meaning generally undesirable, such as the pound or lira, and others are hard, such as the dollar or mark, the Fund is continually being asked to exchange its hard currencies for soft, and soon there is not enough hard currency in the pool. This is referred to as the 'liquidity problem.' When it crops up we—and here we go again—'activate the General Arrangement to Borrow,' which means we tap an additional reserve of hard currencies. This happened in the case of the British loan. But clearly that cannot go on forever.

"There is one important point we have not touched on. When it makes a loan, as in the British case, the IMF can bring pressure to bear upon the government in question to make changes in its economy or method of governing that would seem intolerable if it came from another country. In other words, domestic changes that

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would be hard, politically, for James Callaghan to make on his own initiative, or that would seem like bowing to foreign pressure to make because the U.S. said so, *can* be made because some rather remote and intangible institution called the IMF says so. With pressure coming from the IMF, Callaghan can depict himself as reluctantly responding to the inevitable and impartial dictates of international finance, and that makes the changes politically easier for him."

That struck me as the best argument in favor of international institutions I had heard in a long time, and it depends on precisely the remoteness of the institution from the problem. So it could be argued that the detachment of government sometimes has its role to play. But whether it was sufficient to justify all the lavishness I saw around me and the $54-million administrative budget (according to the 1976 Annual Report), I could not say. I was reminded, as another international civil servant had told me, that when the currencies began to float in 1971 there was the atmosphere of "crisis" at the IMF—for a while. They were worried. But the institution kept a low profile and talked about tranches and "S.D.R.'s" and "paper gold." Not many people understood what was going on.

After the waiter had brought dessert I asked my friend to tell me about the perks battle I had heard was raging at the Fund these days.

"There's a tremendous debate about perks," he said. "A large group here feels underpaid. It's getting hard to recruit some nationalities. . . Brazilians. . . French. . . Scandinavians. . . those countries where the salaries they could be making if they stayed at home are as high or higher than they are here. It's not their native language here, remember. They have to move their families here. Many of them are living in boxes in the suburbs. And they hate it here. Weather isn't too good in the summer. Washington is considered a hardship post! So they are considering an expatriate allow-

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Near invisible waiters, salmon for 70 cents, and plants washed leaf by leaf.

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ance for people from countries where local salaries are high. It's a hot issue and a divisive one." My friend paused to order coffee from the waiter. "But it won't be approved because it treats staff members differently on the basis of nationality."

Of course, the beauty of salaries in international institutions is that, precisely because of the above "divisiveness," all salaries inevitably rise to the level required to keep staff from the wealthiest countries happy. This, of course, is lovely for the British and the Papuans and such.

Here are a few facts and figures about IMF and World Bank salaries and expenses: About 25 per cent of World Bank and IMF employees are American. Foreigners' salaries are tax free (or "net of tax," as they like to put it). Americans pay income tax, but their salaries are increased commensurately. Last year the General Accounting Office did a study and found that the average World Bank salary was $35,386, which is higher than the United Nations secretariat average ($35,195) and much higher than the U.S. Civil Service average for similar grades ($20,283), even though the U.S. Civil Service is regarded as the highest paid in the world.

Last year Secretary of the Treasury William Simon found out that 90 members of the IMF's professional staff made more than his $62,000-a-year salary. Simon promptly lobbied to hold down one more proposed pay increase, which resulted in a tentative "walkout" by the IMF's staff. But they walked back in again the next day, no doubt fearing thay they might not be missed.

William Chapman wrote in *The Washington Post* last fall that a "Senate subcommittee focused on one example of the gap between civil service and multilateral salaries in the case of Charles A. Cooper, who went from a post of assistant secretary of the Treasury to an executive directorship at the World Bank. His salary went from the $38,000 at Treasury to an adjusted annual income at the World Bank of $74,060." On average, studies by the Treasury and GAO have found that the World Bank, the IMF, and some other international organizations pay salaries from 30-percent to 40-percent higher than the U.S. pays for roughly equivalent positions in its own government.

Even though the class of international civil servants in Washington is small, the inflated salaries they are paid no doubt play a subtle role in escalating the already very high salaries in the city. Just as the different standards of living in the member countries of the multilateral institutions result in all salaries rising to the level of those who are paid the most, so the difference between national and international pay and perquisites tends to create an upward pull on local salaries. The U.S. government-employed next-door neighbor of the IMF grandee soon wants to know why he too can't enjoy the same standard of living. Perhaps that is why such institutions as the IMF and the World Bank are (while envied) also welcome in Washington, and why they are not likely to move to Calcutta or Djakarta—closer to the problems they have supposedly set out to solve. ■

THE VAGUE AND HAPPY LIFE OF THE EEC

Another interesting multilateral organization that has gained a toehold in Washington is the European Economic Community, or the Common Market, as it is generally called here. The EEC occupies a comfortable suite of offices atop one of the city's many anonymous office buildings in the M Street vicinity. You wouldn't know they were there unless you set out to look for them, and once you found them you would have a hard time figuring out what they were doing. As with the IMF and the

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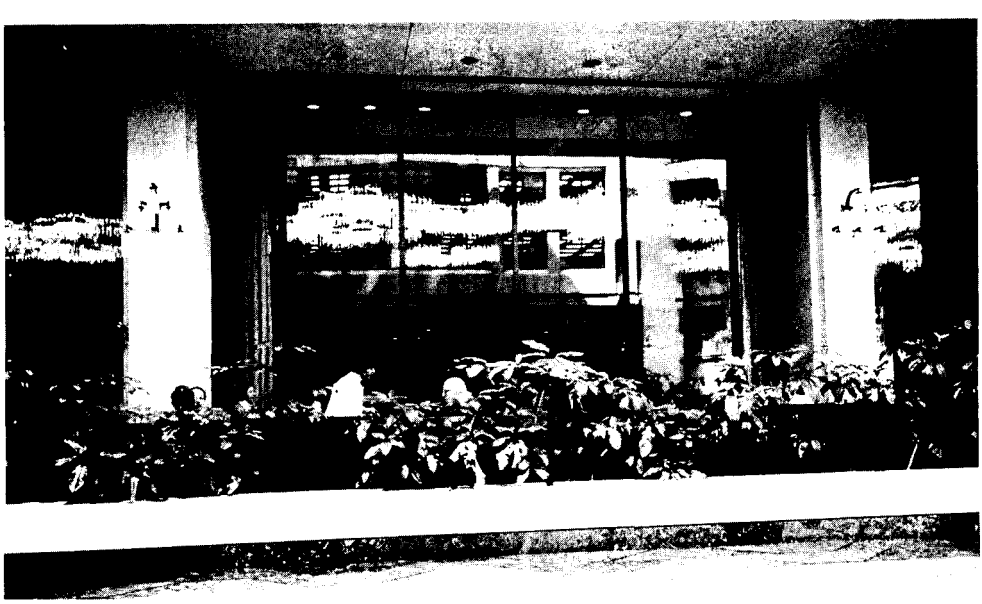
World Bank, life in these quiet corridors tends to be serenely undisturbed by the outside world. The door clicks locked behind you and in a library there are shelves of a publication called *Eurostat*. An air conditioner hums quietly. You look out of a window and there are similarly shaped office buildings across the way. Inside *Eurostat*, you find that economic matters are often discussed in terms of a currency called UA: Unit of Account. In the corridor you encounter Fernand Spaak, the European ambassador. His father was one of the original dreamers of the European dream. These international institutions are complicated, you tell him. "And getting more complicated all the time," he says. For instance, he points out, the relationship between country A and country B can be *so* in one international institution, but *not* so in another. As he walks away he adds as an afterthought, "Of course, we're not an international institution."

"European," his assistant points out to me. "And limited to democracies." Salaries are on a par with the IMF or the UN, I am assured.

I've been interested in the European Community ever since a good friend of mine, a journalist, went into a voluntary reportorial exile for a while, traveled to Brussels, and there set about the tasks of reporting on the Common Market. A year or two later he returned and told fascinating stories about the experience, which I urged him to write down because it seemed at the time that they deserved to be recorded in the annals of bureaucracy. He tried, but every time he sat down to write about it he found himself completely blocked; words would not flow from his pen.

But recently he was in Washington and I got him to tell me about it once again over lunch. Mainly it was Brussels itself that bothered him: the requirement, in the D'Ixelles section of the city, that all houses have lace curtains in the front windows; the knock on the door by the policeman pointing out that it was against the rules to have books on window sills visible from the street; crossing a deserted street at 2 a.m. and finding that a gendarme emerges from the shadows and sticks a machine gun in your ribs for not using the pedestrian crossing.

And the bureaucratic ambiance of the Berlaymont Building, described



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The genteel lunch crowd in the International Monetary Fund's interior courtyard.

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recently in *The New York Times* as a "13-story complex that makes the Pentagon look like a two-room bungalow. . . ." Imagine that! Here he would encounter his sources, who would slip him top secret memos on the potato. He knew one man there who asked for an adding machine but was told he couldn't have one because he was too senior. Then there were the Christmas presents provided by the European taxpayers for Common Market staffers: bureaucratic-type presents like typewriters and filing cabinets that, it was proposed, should be given instead to unemployed workers in Brussels; which proposal was defeated by a two-thirds majority when the staffers themselves held a referendum on the matter. And this one: people who didn't feel like going to work sometimes would anonymously phone in bomb scares. Imagine if that tactic spread to Washington. (I mentioned this to someone I know who works at the Equal Employment Opportunity Commission. She said it *had* already spread there. They've been closed down seven or eight times by bomb scares, and the funny thing is it always happens on a Friday afternoon.)

The European Community came into being after World War II, and it represented, my friend told me, an attempt to prevent a third outbreak between, primarily, Germany, France, and Italy: it mustn't happen again. But, as things have turned out, all attempts at a political hegemony have failed; attempts to maintain the European currencies within a certain "band" in relation to each other—called "the snake" in Common Market parlance—also have failed. Once again, national interests have overridden multilateral ones.

This leaves us with 8,000-9,000 international civil servants working primarily on agricultural matters. This has been the principal area of success of the EEC. My friend gave me a few insights into the Common Agricultural Policy, as it is called.

"The EEC sets a minimum price for certain agricultural products," he said. "This helps the French farmers. In return the French keep their tariffs low and so permit an expansion of the potential market for German industrial goods. For example, they set a certain price for milk and butter. Any milk or butter not sold at that price, the Common Market buys. What do they do with it? They sell the butter to the Russians at half price, they turn the milk into *powdered* milk and feed it back to the cows.

"Then take wheat. There's a wheat support price. What do they do with the unsold wheat that they buy? They could, again, sell it back to the farmers at a lower price to use as cattle feed, but the farmers would then be in a position to sell it to the millers to make bread, and that would undercut the price of wheat. The millers would wait for it to come round the second time—cheap—from the Common Market, rather than the first time from the farmers at the support price. So the EEC dyes the wheat purple and sells it back to the farmers. That way they can't resell it to the millers. People wouldn't buy purple bread. But the cows don't mind. So there are barns full of purple wheat dotted around Europe now."

It was time to go.

"I think they're changing over to orange," my friend said as we left the restaurant.

It is clear that we still have a way to go in perfecting international relations. The vision of barns full of purple and orange wheat is enough to convince one that we still do not live in the best of all possible worlds. But still, it is a start. Try to think of a better scheme! And it certainly is an improvement over Normandy and the Sommes, even if the lira has broken from the snake and the mark is floating and the British are into their fourth tranche, and even if we would be better off if most of those overpaid international bureaucrats one encounters so often at the cocktail hour were harvesting the wheat rather than dyeing it . . . still, it is a beginning. ■

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political book notes

Political affairs books to be published in May

Addict: A Doctor's Odyssey. James DeWitt, M.D., Al Hirshberg. Regnery, $6.95.

All Star Cast: An Anecdotal History of the City of Los Angeles. Stephen Longstreet. Crowel, $13.95.

American Bureaucracy. Peter Woll. Norton, $12.50.

American Hunger. Richard Wright. Harper & Row, $8.95.

The American Prospect: Insights Into Our Next 100 Years. Henry F. Thoma, ed. Houghton Mifflin, $7.95/$3.95.

The American Touch in Micronesia. David Nevin. Norton, $9.95.

The Brotherhood of Oil: Energy, Policy and the Public Interest. Robert Engler. Univ. of Chicago, $12.50.

Black Workers in White Unions: Job Discrimination in the United States. William B. Gould. Cornell Univ., $20.

Code Name "Zorro": The Murder of Martin Luther King, Jr. Mark Lane, Dick Gregory. Prentice-Hall, $9.95.

The Compound. William Gale, Ed O'Rourke, Vito Moles. Rawson, $8.95.

Congress Against Itself. Roger H. Davidson, Walter J. Oleszek. Indiana Univ., $15.

The Damned and the Beautiful. Paul S. Fass. Oxford, $15.95.

Defending America: Toward a New Role in the Post-Detente World. Theodore Draper, Paul H. Nitze, Albert Wohlstetter, et al. Basic, $13.95.

Doing Better and Feeling Worse: Health in the United States. John H. Knowles, M.D., ed. Norton, $9.95/$3.95.

Economics of the Environment. Robert Dorfman, Nancy S. Dorfman, eds. Norton, $15.

The Everyman Project: A World Report on the Resources for a Humane Society. Robert Jungk. Liveright, $10.95.

The Fifties: The Way We Really Were. Douglas T. Miller, Marion Nowak. Doubleday, $10.95.

Future Facts. Stephen Rosen. Simon & Schuster, $5.95.

Games Mother Never Taught You: Corporate Gamesmanship for Women. Betty Lehan Harragan. Rawson, $10.95.

Good Neighborhood: The Challenge of Open Housing. Morris Milgram. Norton, $10.95.

A Government of Strangers: Executive Politics in Washington. Hugh Heclo. Brookings, $10.95/$4.50. A valuable book about the relations between the political appointees and the high-level bureaucrats and how they might be improved in the interest of a more effective government.

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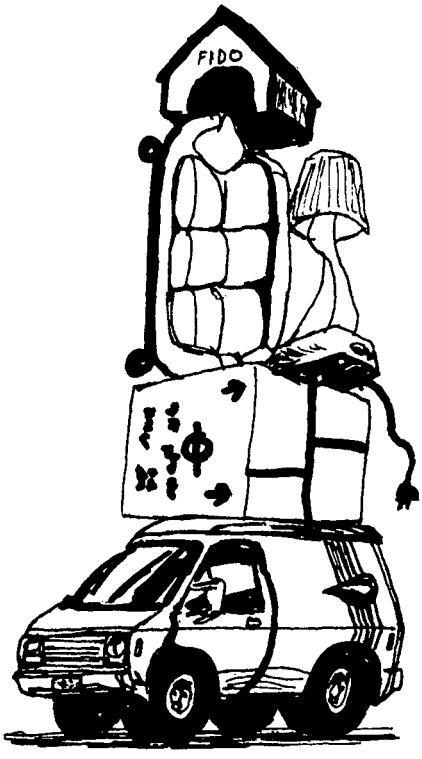

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Hoover, Roosevelt, and the Brains Trust: From Depression to New Deal. Elliot A. Rosen. Columbia, $16.95.

How the Other Half Dies: The Real Reasons for World Hunger. Susan George. Allanheld, Osmun, $12.50/$4.95.

The Implementation Game: What Happens After a Bill Becomes a Law. Eugene Bardach. MIT, $17.95.

A Long Time Coming: The Struggle to Unionize America's Farm Workers. Richard Meister, Anne Loftis. Macmillan, $14.95.

Loose Change. Three Women of the Sixties. Sara Davidson. Doubleday, $9.50. Sara Davidson, a former freelance magazine writer, has written a detailed account of her life from high school to age 30, and of the lives of two of her sorority sisters from the Berkeley class of '64. Taken together, the three women's stories are meant to comprise a brief social history of the 60s; all three were much tossed around on the waves of the decade.

As such, *Loose Change* is a depressing book. It leaves the reader with the impression that all the flailings of its subjects—and, by extension, their decade—served no particular purpose and brought about no particular improvement of the world. The real revolution of the 60s seems to have been one of rising personal expectations; these three women went through a great deal in pursuit of some more transcendent degree of fulfillment than their parents had, and ironically ended up no more fulfilled, perhaps even less so.

Men and Women of the Corporation. Rosabeth Moss Kanter. Basic, $12.

People at Work. Pehr G. Gyllenhammer. Addison-Wesley, $8.95.

Playing for Keeps in Washington. Laurence Leamer. Dial, $8.95. A highly readable series of profiles of powerful Washingtonians. One of the best chapters, however, is about a recent loser, Phil Burton, who was defeated in his attempt to become majority leader of the House.

The Politics of Population Control. Thomas B. Littlewood. Univ. of Notre Dame.

Potomac Fever. Fred Harris. Norton, $8.95. A modest and amusing memoir of his Washington years by the former Senator from

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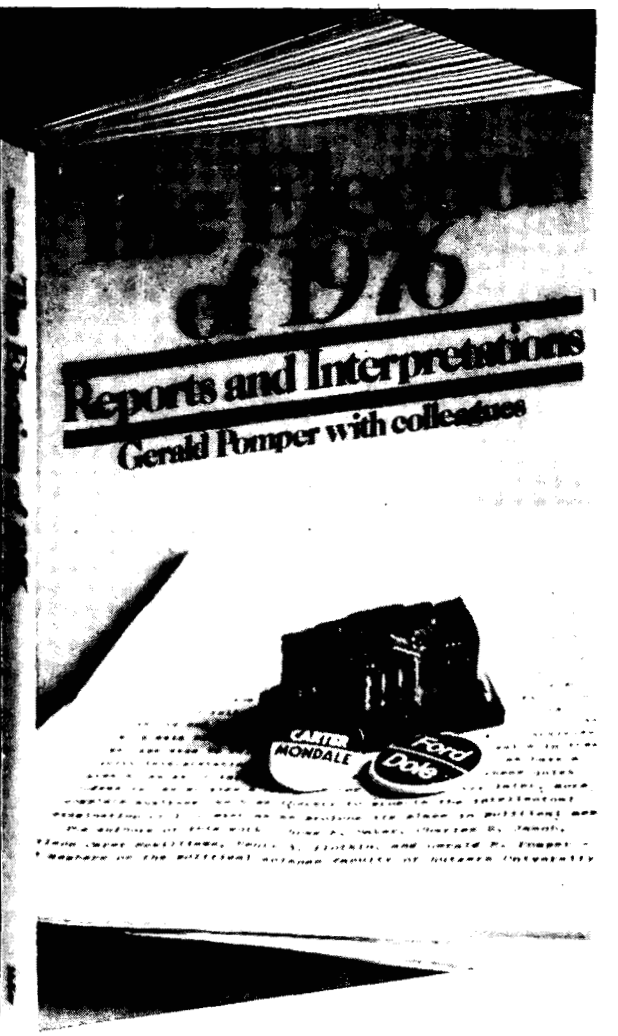

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